

INFORMATION MEMORANDUM DATED 18th DECEMBER, 2015



BBVA SENIOR FINANCE, S.A. UNIPERSONAL

(incorporated with limited liability in Spain)

and

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

(incorporated with limited liability in Spain)

€10,000,000,000

EURO-COMMERCIAL PAPER PROGRAMME

Notes issued by BBVA Senior Finance, S.A. Unipersonal will be unconditionally and irrevocably guaranteed by

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

(incorporated with limited liability in Spain)

Arranger

BOFA MERRILL LYNCH

Application has been made to the Irish Stock Exchange plc (the **Irish Stock Exchange**) for euro-commercial paper notes issued during the twelve months after the date of this document under the Programme described in this document (the **Notes**) to be admitted to the official list of the Irish Stock Exchange (the **Official List**) and trading on its regulated market.

There are certain risks related to any issue of Notes under the Programme, which potential purchasers should ensure they fully understand (see "*Risk Factors*" on pages 14 to 37 (inclusive) of this Information Memorandum).

Potential purchasers should note the statements on pages 84 to 87 (inclusive) regarding the tax treatment in Spain of income obtained in respect of the Notes and the disclosure requirements imposed by Law 10/2014 of 26th June, on Organisation, Supervision and Solvency of Credit Entities (**Law 10/2014**), on the Issuers and the Guarantor relating to the Notes.

Dealers

BOFA MERRILL LYNCH

BARCLAYS

CREDIT SUISSE

ING

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

CITIGROUP

GOLDMAN SACHS INTERNATIONAL

RABOBANK

UBS INVESTMENT BANK

Notes issued under this Programme have been rated by Fitch Ratings España, S.A.U. (**Fitch**), Moody's Investors Service España, S.A. (**Moody's**) and Standard and Poor's Credit Market Services Europe Limited (**S&P**).

IMPORTANT NOTICE

This Information Memorandum (together with any supplementary information memorandum and information incorporated herein by reference, the **Information Memorandum**) contains summary information provided by BBVA Senior Finance, S.A. Unipersonal (**BSF**) and Banco Bilbao Vizcaya Argentaria, S.A. (**BBVA**, in its capacity as an issuer together with BSF, the **Issuers** and each an **Issuer** with references to the **relevant Issuer** being to the Issuer of the relevant Notes and in its capacity as guarantor, the **Guarantor**) in connection with a euro-commercial paper programme (the **Programme**) under which the Issuers may issue and have outstanding at any time Notes up to a maximum aggregate amount of €10,000,000,000 or its equivalent in alternative currencies. Under the Programme, the Issuers may issue Notes outside the United States pursuant to Regulation S (**Regulation S**) of the United States Securities Act of 1933, as amended (the **Securities Act**) which, in the case of Notes issued by BSF only, will have the benefit of a guarantee dated 18th December, 2015 and entered into by the Guarantor (the **Guarantee**). The Issuers have, pursuant to an amended and restated dealer agreement dated 18th December, 2015 (as further amended, restated, supplemented or replaced from time to time, the **Dealer Agreement**), appointed Bank of America Merrill Lynch International Limited as arranger for the Programme (the **Arranger**) and appointed Bank of America Merrill Lynch International Limited, Banco Bilbao Vizcaya Argentaria, S.A., Barclays Bank PLC, Citibank International Limited, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank), Credit Suisse Securities (Europe) Limited, Goldman Sachs International, ING Bank N.V. and UBS Limited as dealers for the Notes (the **Dealers**) and authorised and requested the Dealers to circulate this Information Memorandum on its behalf to purchasers or potential purchasers of the Notes.

NEITHER THE NOTES NOR THE GUARANTEE HAVE BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S) (U.S. PERSONS) UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE AND IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER JURISDICTION.

The Notes and the Guarantee have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Information Memorandum or confirmed the accuracy or determined the adequacy of the information contained in this Information Memorandum. Any representation to the contrary is unlawful.

The Issuers and the Guarantor accept responsibility for the information contained in this Information Memorandum and declare that, having taken all reasonable care to ensure that such is the case, the information contained in the Information Memorandum is, to the best of the knowledge of the Issuers and the Guarantor, in accordance with the facts and does not omit anything likely to affect the import of such information.

This Information Memorandum comprises listing particulars (the **Listing Particulars**) for the purposes of giving information with regard to the issue of the Notes under the Programme. References throughout this document to the Information Memorandum shall be deemed to read “Listing Particulars” for such purpose.

Application has been made to the Irish Stock Exchange plc (the **Irish Stock Exchange**) for Notes to be admitted to the Official List maintained by it (the **Official List**) and to trading on the Irish Stock Exchange’s regulated market. The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets as may be agreed between the Issuers and the relevant Dealer. References in this Information Memorandum to the Notes being “listed” shall be construed accordingly. No Notes may be issued pursuant to the Programme on an unlisted basis.

Neither the Arranger nor the Dealers accept any responsibility, express or implied, for updating the Information Memorandum and neither the delivery of the Information Memorandum or any Pricing Supplement nor any offer or sale made on the basis of the information in the Information Memorandum shall under any circumstances create any implication that this Information Memorandum is accurate at any time subsequent to the date thereof with respect to the Issuers or the Guarantor or that there has been no change in the business, financial condition or affairs of the Issuers or the Guarantor since the date thereof.

No person is authorised by the Issuers or the Guarantor to give any information or to make any representation not contained in this Information Memorandum or any Pricing Supplement and any information or representation not contained therein must not be relied upon as having been authorised.

Neither the Arranger nor any Dealer has independently verified the information contained in this Information Memorandum. Accordingly, no representation or warranty or undertaking (express or implied) is made, and no responsibility or liability is accepted by the Arranger or the Dealers as to the authenticity, origin, validity, accuracy or completeness of, or any errors in or omissions from, any information or statement contained or incorporated in this Information Memorandum or in or from any accompanying or subsequent material or presentation. Neither the Arranger nor any Dealer accepts any liability in relation to the information contained in this Information Memorandum or any other information provided by the Issuers or the Guarantor in connection with the Programme.

This Information Memorandum contains references to the ratings of the Notes. Where a tranche of Notes is rated, such rating will be disclosed in the Pricing Supplement and will not necessarily be the same as the rating assigned to the Programme by Fitch, Moody's or S&P. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, modification or withdrawal at any time by the relevant rating agency.

The information contained in this Information Memorandum or any other information provided by the Issuers or the Guarantor in connection with the Programme is not intended to provide the basis of any credit, taxation or other evaluation and should not be construed as a recommendation by the Arranger, the Dealers, the Issuers or the Guarantor that any recipient should purchase Notes. Each such recipient must make and shall be deemed to have made its own independent assessment and investigation of the financial condition, affairs and creditworthiness of the Issuers and the Guarantor and of the Programme as it may deem necessary and must base any investment decision upon such independent assessment and investigation and not on this Information Memorandum or any other information supplied in connection with the Programme.

Neither the Arranger nor any Dealer undertakes to review the business or financial condition or affairs of the Issuers or the Guarantor during the life of the Programme, nor undertakes to advise any recipient of this Information Memorandum of any information or change in such information coming to the Arranger's or any Dealer's attention.

Neither the Arranger nor any of the Dealers accepts any liability in relation to this Information Memorandum or its distribution by any other person. Neither this Information Memorandum nor any Pricing Supplement is intended to constitute an offer or invitation to any person to purchase Notes. The distribution of this Information Memorandum and any Pricing Supplement and the offering for sale of Notes or any interest in such Notes or any rights in respect of such Notes, in certain jurisdictions, may be restricted by law. Persons obtaining this Information Memorandum or any Notes or any interest in such Notes or any rights in respect of such Notes are required by the Issuers, the Guarantor, the Arranger and the Dealers to inform themselves about and to observe any such restrictions. In particular, but without limitation, such persons are required to comply with the restrictions on offers or sales of Notes and on distribution of this Information Memorandum or any Pricing Supplement and other information in relation to the Notes, the Issuers and the Guarantor set out under "Selling Restrictions" below.

Notice of the aggregate amount of Notes, the issue price of Notes and any other terms and conditions not contained herein to be completed in relation to each issue of Note that is intended to be admitted to the Official List of the Irish Stock Exchange and to trading on its regulated market will be set out in the pricing

supplement (the **Pricing Supplement**) attached to or endorsed on the Notes (which may be in global form (the **Global Note**) or in definitive form) (see “*Form of the Notes*” on page 61 below). The Pricing Supplement will be supplemental to and must be read in conjunction with the full terms and conditions of the Notes. Copies of each Pricing Supplement containing details of each particular issue of Notes will be available from the specified office set out below of the Issuing and Paying Agent (as defined below). Copies of each Pricing Supplement in relation to each particular issue of Notes to be listed on the Irish Stock Exchange will also be published on the website of the Irish Stock Exchange and the Central Bank of Ireland.

A communication of an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the **FSMA**)) received in connection with the issue or sale of any Notes will only be made in circumstances in which Section 21(1) of the FSMA does not apply to the Issuers or the Guarantor.

SPANISH TAX RULES

Article 44 of Royal Decree 1065/2007 of 27th July, as amended by Royal Decree 1145/2011 of 29th July (as so amended, **RD 1065/2007**) sets out the reporting obligations applicable to preference shares and debt instruments (including debt instruments issued at a discount for a period equal to or less than twelve months) issued under the First Additional Provision of Law 10/2014.

General

The procedure described in this Information Memorandum for the provision of information required by Spanish law and regulation is a summary only. None of the Issuers, the Guarantor or the Dealers assume any responsibility therefor.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

BSF maintains its financial books and records and prepares its financial statements in euro in accordance with Spanish generally accepted accounting principles.

BBVA's (i) consolidated financial statements as at and for each of the years ending 31st December, 2014, 31st December, 2013 and 31st December, 2012, as included in the annual report of BBVA on Form 20-F for the fiscal year ended 31st December, 2014 filed with the U.S. Securities and Exchange Commission (the **SEC**) on 15th April, 2015 (the **Form 20-F**) and (ii) recast financial information by operating segment as of and for the fiscal year ended 31st December, 2014, as set out in a Form 6-K filed with the SEC on 29th September, 2015, which gives retrospective effect to certain changes in BBVA's operating segments that came into force in 2015 (in particular, since January 1st, 2015, BBVA's former Eurasia operating segment has been split into two operating segments: Turkey, which consists of BBVA's stake in Garanti (as defined below); and the Rest of Eurasia, which includes the retail and wholesale business carried out by BBVA in Europe and Asia, other than in Spain and Turkey), but which does not, and does not purport to, recast or update the information in any other part of BBVA's annual report on Form 20-F, each of which is incorporated by reference in this Information Memorandum) and has been prepared in accordance with the International Financial Reporting Standards endorsed by the European Union (hereinafter, **EU-IFRS**), required to be applied under the Bank of Spain Circular 4/2004 of 22nd December, 2004 on Public and Confidential Financial Reporting Rules and Formats (as amended or supplemented from time to time, **Circular 4/2004** and with any other legislation governing financial reporting applicable to BBVA and its consolidated subsidiaries (the **Group**) and in compliance with the International Financial Reporting Standards issued by the International Accounting Standards Board (**IFRS-IASB**).

In this Information Memorandum, references to:

- **euro** and **€** denote the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended;

- **Sterling** and **£** denote the lawful currency of the United Kingdom;
- **U.S. dollars** and **U.S.\$** denote the lawful currency of the United States of America; and
- **JPY** and **¥** are to Japanese Yen.

Where this Information Memorandum refers to the provisions of any other document, such reference should not be relied upon and the document must be referred to for its full effect.

Certain numerical information in this Information Memorandum may not sum due to rounding. In addition, information regarding period-to-period changes is based on numbers which have not been rounded.

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DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have been previously published or are being published simultaneously with this Information Memorandum and have been approved by and filed with the Irish Stock Exchange, are incorporated in, and form part of, this Information Memorandum:

- (a) the audited annual financial statements for the financial years ended 31st December, 2013 and 31st December, 2014 (including the audit reports issued in respect thereof) of BSF (prepared in accordance with Spanish generally accepted accounting principles);
- (b) the Form 20-F of BBVA, for the financial year ended 31st December, 2014 as filed with the U.S. Securities and Exchange Commission (**SEC**) on 15th April, 2015, (which includes on page F-1 thereof the auditor's report and on pages F-2 to F-200 and pages A-1 to A-49 thereof, the published annual audited consolidated financial statements of BBVA as at and for each of the financial years ending 31st December, 2014, 31st December, 2013 and 31st December, 2012);
- (c) the Form 6-K of BBVA setting out the recast financial information by operating segment as of and for the fiscal year ended 31st December, 2014 as filed with the SEC on 29th September, 2015, which includes on pages F-1 to F-200 the annual audited consolidated financial statements of BBVA as at and for each of the financial years ending 31st December, 2014, 31st December, 2013 and 31st December, 2012 including such recast financial information by operating segment, which give retrospective effect to certain changes in BBVA's operating segments that came into force in 2015 (in particular, since January 1st, 2015, BBVA's former Eurasia operating segment has been split into two operating segments: Turkey, which consists of BBVA's stake in Garanti (as defined below); and the Rest of Eurasia, which includes the retail and wholesale business carried out by BBVA in Europe and Asia, other than in Spain and Turkey), but which does not, and does not purport to, recast or update the information in any other part of BBVA's annual report on Form 20-F (together with the Form 20-F, the **Consolidated Financial Statements**);
- (d) the Form 6-K of BBVA, for the six month period ending 30th June, 2015, filed with the SEC on 29th September, 2015 (which includes on pages F-1 to F-169 and pages A-1 to A-55 thereof the unaudited interim consolidated financial statements of BBVA as at and for each of the six month periods ending 30th June, 2015 and 30th June, 2014) (the **2015 Half Year Financial Statements**);
- (e) the audited consolidated interim financial statements of BBVA for the six month period ended 30 June 2015 contained on pages 1 to 241 of the Interim Consolidated Financial Statements, Management Report and Auditors' Report Corresponding to the Six Months Period ended June 30, 2015 (the **Interim Report June – 2015**) and the auditor's report thereon which is set out before the table of contents of the Interim Report June - 2015. The non-incorporated parts of the Interim Report June - 2015 are either deemed not relevant for an investor or are otherwise covered elsewhere in this Information Memorandum; and
- (f) the Form 6-K of BBVA, for the nine month period ending 30th September, 2015, filed with the SEC on 24th November, 2015 (which includes on pages 2 to 36 thereof the unaudited condensed interim consolidated financial statements of BBVA as at and for each of the nine month periods ending 30th September, 2015 and 30th September, 2014, presented in accordance with the International Accounting Standard 34).

In addition, any audited annual financial statements of BSF and any audited annual and unaudited interim consolidated financial statements of BBVA in each case published after the date of this Information Memorandum shall be deemed to be incorporated in, and to form part of, this Information Memorandum upon the publication and filing of such financial statements with the Irish Stock Exchange.

Any statement contained herein or in a document incorporated by reference herein or contained in any supplementary information memorandum or in any document which is subsequently incorporated by reference herein shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede earlier statements contained in this Information Memorandum or in a document which is incorporated by reference in this Information Memorandum.

Any supplement to this Information Memorandum will be subject to the approval of the Irish Stock Exchange prior to its publication.

No website referred to in this Information Memorandum forms part of the document for the purposes of listing the Notes on the Irish Stock Exchange.

The Issuers will provide, without charge to each person to whom a copy of this Information Memorandum has been delivered, upon the request of such person, a copy of any or all the documents deemed to be incorporated by reference herein unless such documents have been modified or superseded as specified above, in which case the modified or superseded version of such document will be provided. Requests for such documents should be directed to the Issuers at their respective offices set out at the end of this Information Memorandum. In addition such documents will be available, without charge at the principal office in England of the Issuing and Paying Agent (each as set out at the end of this Information Memorandum). Except as provided above, no other information, including information on the website of BSF and BBVA is incorporated by reference into this Information Memorandum.

OVERVIEW OF THE TERMS OF THE PROGRAMME

Issuers:	BBVA Senior Finance, S.A. Unipersonal (BSF). Banco Bilbao Vizcaya Argentaria, S.A. (BBVA).
Guarantor:	BBVA in the case of Notes issued by BSF.
Guarantee:	The Guarantor has unconditionally and irrevocably guaranteed all principal and interest and all other amounts payable or expressed to be payable by BSF to each Noteholder in respect of Notes issued by BSF.
Risk Factors:	There are certain factors that may affect the ability of each of BSF and BBVA to fulfil their respective obligations under Notes issued by them under the Programme and BBVA's ability to fulfil its obligations under the Guarantee. These are set out under " <i>Risk Factors</i> " below. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are also set out under " <i>Risk Factors</i> " and include certain market risks.
Arranger:	Bank of America Merrill Lynch International Limited.
Dealers:	Bank of America Merrill Lynch International Limited Banco Bilbao Vizcaya Argentaria S.A. Barclays Bank PLC Citibank International Limited Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank) Credit Suisse Securities (Europe) Limited Goldman Sachs International ING Bank N.V. UBS Limited. and any other Dealers appointed in accordance with the Dealer Agreement.
Issuing and Paying Agent:	The Bank of New York Mellon, London Branch.
Purpose of the Programme:	The net proceeds from the sale of Notes will be applied for general corporate purposes.
Maximum amount of the Programme:	The outstanding principal amount of the Notes issued under the Programme will not exceed €10,000,000,000 (or its equivalent in other currencies) at any time. The maximum amount of the Programme may be increased from time to time in accordance with the Dealer Agreement.
Characteristics and form of the Notes:	Notes will be issued in bearer form. The Notes will initially be in global form (Global Notes). Each Global Note which is not intended to be issued in new global note form (a Classic Global Note or CGN), as specified in the relevant Pricing Supplement, will be deposited on or around the

relevant issue date with a common depository for the Relevant Clearing Systems (as defined below) and each Global Note which is intended to be issued in new global note form (a **New Global Note** or **NGN**), as specified in the relevant Pricing Supplement, will be delivered on or around the relevant issue date to a Common Safekeeper (as defined below) for the Relevant Clearing Systems (as defined herein). A Global Note will be exchangeable into definitive notes (**Definitive Notes**) in whole (but not in part) only in the limited circumstances set out in that Global Note (for further details, see “*Form of the Notes*”).

Common Safekeeper means, in relation to each issue of NGNs which is intended to be held in a manner that would allow Eurosystem eligibility, the common safekeeper which is appointed by the Relevant Clearing Systems in respect of such NGN or such other entity as the Issuers and Issuing and Paying Agent may agree from time to time, in accordance with the provisions of the amended and restated issue and paying agency agreement dated 18th December, 2015 (as amended, restated, supplemented or replaced from time to time, the **Issue and Paying Agency Agreement**), and which is eligible to hold such Global Note for the purpose of the requirements relating to collateral for Eurosystem monetary and intra-day credit operations. If the Common Safekeeper as at the relevant issue date ceases to be so eligible after the relevant issue date, the relevant Notes will no longer qualify for Eurosystem eligibility unless a new Common Safekeeper is appointed who is so eligible.

Remuneration:	Notes may be issued at a discount or may bear a fixed or a floating rate of interest.
Currencies of issue of the Notes:	Notes may be denominated in U.S. dollars, euro, Sterling, Japanese Yen or any other currency subject to compliance with any applicable legal and regulatory requirements.
Maturity of the Notes:	The tenor of Notes shall not be less than one day nor more than 364 days from (and including) the date of issue, to (but excluding) the maturity date, subject to compliance with any applicable legal and regulatory requirements.
Redemption for taxation reasons:	The Notes cannot be redeemed prior to their stated maturity other than for taxation reasons. The terms of any such redemption will be indicated in the terms of the Notes and the relevant Pricing Supplement.
Minimum denomination of the Notes:	Notes may have any denomination, subject to compliance with any applicable legal and regulatory requirements. The initial minimum denominations for Notes are U.S.\$500,000, €500,000, £100,000 and ¥100,000,000 and, in each case, integral multiples of units of 1,000 in excess thereof. The minimum denominations of Notes denominated in other currencies will be in accordance with any applicable legal and regulatory requirements. Minimum denominations may be changed from time to time.

Notes may, if the proceeds of the issue are accepted in the United

Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 (**FSMA**) unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see “*Subscription and Sale*”.

Status of the Notes:

The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the relevant Issuer, represent, in the case of each Note, a separate and independent obligation of the relevant Issuer, and rank *pari passu* without any preference among themselves and with all other outstanding unsecured and unsubordinated obligations of the relevant Issuer, present and future, but, (a) subject to the exercise of any power pursuant to Law 11/2015 of 18th June on the Recovery and Resolution of Credit Institutions and Investment Firms (*Ley 11/2015 de 18 de junio de Recuperación y Resolución de Entidades de Crédito y Empresas de Servicios de Inversión*) (**Law 11/2015**), Royal Decree 1012/2015 of 6th November (**RD 1012/2015**) or other applicable laws relating to recovery and resolution of credit institutions and investment firms in Spain; and (b) in the event of insolvency, only to the extent permitted by Law 22/2003 (*Ley Concursal*) of 9th July, as amended, regulating insolvency proceedings in Spain (the **Insolvency Law**) or other applicable laws relating to or affecting the enforcement of creditor’s rights in Spain.

In the event of insolvency (*concurso*) of an Issuer, under the Insolvency Law claims relating to the Notes (which are not subordinated pursuant to article 92 of the Insolvency Law) will be ordinary credits (*créditos ordinarios*) as defined in the Insolvency Law. Ordinary credits rank below credits against the insolvency state (*créditos contra la masa*) and privileged credits (*créditos privilegiados*) (which, in the case of Notes issued by BBVA, shall include, without limitation, any deposits for the purposes of Additional Provision 14.1^o of Law 11/2015 which shall be paid in full before ordinary credits. The claims of all creditors against the relevant Issuer which are considered to be “ordinary credits” will be satisfied pro rata in insolvency. Ordinary credits rank above subordinated credits and the rights of shareholders.

For further details see “*Form of the Notes*”.

Status of the Guarantee:

The Notes issued by BSF are issued with the benefit of the Guarantee. The obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and rank *pari passu* with all other unsecured and unsubordinated obligations of the Guarantor, present and future, but, (a) subject to the exercise of any power pursuant to Law 11/2015, RD 1012/2015 or other applicable laws relating to recovery and resolution of credit institutions and investment firms in Spain; and (b) in the event of insolvency, only to the extent permitted by the Insolvency Law or other applicable laws relating to or affecting the enforcement of creditor’s rights in Spain.

In the event of insolvency (*concurso*) of the Guarantor under the Insolvency Law claims of Noteholders (which are not subordinated

pursuant to article 92 of the Insolvency Law) will be ordinary credits (*créditos ordinarios*) as defined in the Insolvency Law. Ordinary credits rank below credits against the insolvency state (*créditos contra la masa*) and privileged credits (*créditos privilegiados*) (including, without limitation, any deposits for the purposes of the Additional Provision 14.1^o of Law 11/2015) which shall be paid in full before ordinary credits. The claims of all creditors against the Guarantor considered as “ordinary credits” will be satisfied pro rata in insolvency. Ordinary credits rank above subordinated credits and the rights of shareholders.

For further details see “*Form of the Notes*”.

Governing law that applies to the Notes and the Guarantee:

Save as provided below, the Notes, and any non-contractual obligations arising out of or in connection therewith, will be governed by, and construed in accordance with, English law.

The status of the Notes, the Guarantee, and any non-contractual obligations arising out of or in connection therewith will be governed by, and construed in accordance with, Spanish law. The Notes are issued in accordance with the formalities prescribed by Spanish law.

Listing:

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and to trading on the Irish Stock Exchange's regulated market. The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets as may be agreed between the relevant Issuer and the relevant Dealer. No Notes may be issued pursuant to the Programme on an unlisted basis.

Settlement system:

Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**) and/or such other securities clearance and/or settlement system(s) which is authorised to hold securities as eligible collateral for Eurosystem monetary policy and intra-day credit operations, as agreed between the relevant Issuer, the Guarantor, if applicable, and the relevant Dealer(s) (together, the **Relevant Clearing Systems**).

Accountholders in the Relevant Clearing Systems will, in respect of Global Notes, have the benefit of a Deed of Covenant dated 18th December, 2015 (the **Deed of Covenant**), copies of which may be inspected during normal business hours at the specified office of the Issuing and Paying Agent.

Rating(s) of the Programme:

The Programme has been rated by Fitch, Moody's and S&P.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the relevant rating agency.

Selling restrictions:

Offers and sales of Notes and the distribution of this Information Memorandum and other information relating to the Issuers, the Guarantor or any Notes are subject to certain restrictions, details of which are set out under “*Subscription and Sale*” below.

Taxation:

Save as set out below, all payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by Spain. In the event that any such deduction is made, the Issuers or, as the case may be, the Guarantor will, save in certain limited circumstances, be required to pay additional amounts to cover the amounts so deducted.

The Issuers and the Guarantor consider that, according to RD 1065/2007 they are not obliged to withhold any tax amount provided that the simplified information procedures established therein (which do not require identification of the Noteholders) are complied with by the Issuing and Paying Agent, as described in “*Taxation – Tax Reporting Obligations of the Issuers and the Guarantor*”.

For further information regarding the interpretation of RD 1065/2007 please refer to “*Risk Factors – Spanish Tax Rules*”.

For further details, see “*Taxation*” below.

Notices:

Unless otherwise specified in the relevant Pricing Supplement, all notices concerning Notes listed on the Irish Stock Exchange shall be published on the website of the Irish Stock Exchange or, in lieu of such publication and if so permitted by the rules of the Irish Stock Exchange, the Issuers may deliver all such notices to the Relevant Clearing System(s) or publish such notices by any other means acceptable to the Irish Stock Exchange.

RISK FACTORS

Each of the Issuers and the Guarantor believes that the following factors may affect their ability to fulfil their obligations under Notes issued under the Programme and the Guarantee thereof. Most of these factors are contingencies which may or may not occur and neither the Issuers nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Each of the Issuers and the Guarantor believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuers or the Guarantor to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuers or the Guarantor based on information currently available to them or which they may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum and reach their own views prior to making any investment decision.

FACTORS THAT MAY AFFECT BSF'S ABILITY TO FULFIL ITS OBLIGATIONS IN RESPECT OF NOTES ISSUED BY BSF UNDER THE PROGRAMME

Dependence on other Group members

BSF is a finance vehicle established by the Guarantor for the purpose of issuing Notes and on-lending the proceeds amongst the Group. BSF is therefore dependent upon other members of the Group paying interest on and repaying their loans in a timely fashion. Should any Group member fail to pay interest on or repay any loan in a timely fashion this could have a material adverse effect on the ability of BSF to fulfil its obligations under Notes issued under the Programme.

By virtue of its dependence on other Group members, each of the risks described below that affect BBVA will also indirectly affect BSF.

FACTORS THAT MAY AFFECT BBVA'S ABILITY TO FULFIL ITS OBLIGATIONS IN RESPECT OF NOTES ISSUED BY BBVA UNDER THE PROGRAMME AND ITS OBLIGATIONS UNDER THE GUARANTEE

Macroeconomic Risks

Economic conditions in the countries where the Group operates could have a material adverse effect on the Group's business, financial condition and results of operations.

Despite recent improvements in certain segments of the global economy (including, to a lesser extent, the Eurozone), uncertainty remains concerning the future economic environment. The deterioration of economic conditions in the countries where the Group operates could adversely affect the cost and availability of funding for the Group, the quality of the Group's loan and investment securities portfolios and levels of deposits and profitability require the Group to take impairments on its exposures to the sovereign debt of one or more countries or otherwise adversely affect the Group's business, financial condition and results of operations. In addition, the process the Group uses to estimate losses inherent in its credit exposure requires complex judgments, including forecasts of economic conditions and how these economic conditions might impair the ability of its borrowers to repay their loans. The degree of uncertainty concerning economic conditions may adversely affect the accuracy of the Group's estimates, which may, in turn, affect the reliability of the process and the sufficiency of the Group's loan loss provisions.

The Group faces, among others, the following economic risks:

- weak economic growth or recession in the countries where it operates;
- deflation, mainly in Europe, or significant inflation, such as the significant inflation recently experienced by Venezuela and Argentina;
- changes in foreign exchange rates, such as the recent local currency devaluations in Venezuela and Argentina, as they result in changes in the reported earnings of the Group's subsidiaries outside the Eurozone, and their assets, including their risk-weighted assets, and liabilities;
- a lower interest rate environment, which could lead to decreased lending margins and lower returns on assets; or a higher interest rate environment, including as a result of an increase in interest rates by the Federal Reserve, which could affect consumer debt affordability and corporate profitability;
- any further tightening of monetary policies, including to address upward inflationary pressures in Latin America, which could endanger a still tepid and fragile economic recovery and make it more difficult for customers of the Group's mortgage and consumer loan products to service their debts;
- adverse developments in the real estate market, especially in Spain, Mexico and the United States, given the Group's exposures to such markets;
- poor employment growth and structural challenges restricting employment growth, such as in Spain, where unemployment has remained relatively high, which may negatively affect the household income levels of the Group's retail customers and may adversely affect the recoverability of the Group's retail loans, resulting in increased loan losses;
- lower oil prices, which could particularly affect producing areas, such as Venezuela, Mexico, Texas or Colombia, to which the Group is materially exposed;
- uncertainties arising from the results of election processes in the different geographies in which BBVA operates, such as the Spanish region of Catalonia, which may ultimately result in changes in laws, regulations and policies;
- the potential exit by an EU Member State from the European Monetary Union (EMU), which could materially adversely affect the European and global economy, cause a redenomination of financial instruments or other contractual obligations from the euro to a different currency and substantially disrupt capital, interbank, banking and other markets, among other effects; and
- an eventual government default on public debt, which could affect the Group primarily in two ways: directly, through portfolio losses, and indirectly, through instabilities that a default in public debt could cause to the banking system as a whole, particularly since commercial banks' exposure to government debt is generally high in several countries in which the Group operates;

For additional information relating to certain economic risks that the Group faces in Spain, see “–Since BBVA’s loan portfolio is highly concentrated in Spain, adverse changes affecting the Spanish economy could have a material adverse effect on its financial condition.” For additional information relating to certain economic risks that the Group faces in emerging market economies such as Latin America and Turkey, see “–The Group may be materially adversely affected by developments in the emerging markets economies where it operates.”

Any of the above risks could have a material adverse effect on the Group's business, financial condition and results of operations.

Since BBVA's loan portfolio is highly concentrated in Spain, adverse changes affecting the Spanish economy could have a material adverse effect on its financial condition.

The Group has historically developed its lending business in Spain, which continues to be its main place of business. The Group's loan portfolio in Spain has been adversely affected by the deterioration of the Spanish economy since 2009. After rapid economic growth until 2007, Spanish GDP contracted in the period 2009-10 and 2012-13. The effects of the financial crisis were particularly pronounced in Spain given its heightened need for foreign financing as reflected by its high current account deficit, resulting from the gap between domestic investment and savings, and its public deficit. While the current account imbalance has now been corrected (with GDP growth of 1.4 per cent. in 2014) and the public deficit is diminishing, real or perceived difficulties in servicing public or private debt could increase Spain's financing costs. In addition, unemployment levels continue to be high and a change in the current recovery of the labor market would adversely affect households' gross disposable income.

The Spanish economy is particularly sensitive to economic conditions in the Eurozone, the main market for Spanish goods and services exports. Accordingly, an interruption in the recovery in the Eurozone might have an adverse effect on Spanish economic growth. Given the relevance of the Group's loan portfolio in Spain, any adverse changes affecting the Spanish economy could have a material adverse effect on the Group's business, financial condition and results of operations.

Any decline in the Kingdom of Spain's sovereign credit ratings could adversely affect the Group's business, financial condition and results of operations.

Since BBVA is a Spanish company with substantial operations in Spain, its credit ratings may be adversely affected by the assessment by rating agencies of the creditworthiness of the Kingdom of Spain. As a result, any decline in the Kingdom of Spain's sovereign credit ratings could result in a decline in BBVA's credit ratings. In addition, the Group holds a substantial amount of securities issued by the Kingdom of Spain, autonomous communities within Spain and other Spanish issuers. Any decline in the Kingdom of Spain's credit ratings could adversely affect the value of the Kingdom of Spain's and other public or private Spanish issuers' respective securities held by the Group in its various portfolios or otherwise materially adversely affect the Group's business, financial condition and results of operations. Furthermore, the counterparties to many of the Group's loan agreements could be similarly affected by any decline in the Kingdom of Spain's credit ratings, which could limit their ability to raise additional capital or otherwise adversely affect their ability to repay their outstanding commitments to the Group and, in turn, materially and adversely affect the Group's business, financial condition and results of operations.

The Group may be materially adversely affected by developments in the emerging markets where it operates

The economies of some of the emerging markets where the Group operates, mainly Latin America and Turkey, experienced significant volatility in recent decades, characterised, in some cases, by slow or declining growth, declining investment and hyperinflation.

Emerging markets are generally subject to greater risks than more developed markets. For example, there is typically a greater risk of loss from unfavorable political and economic developments, social and geopolitical instability, and changes in governmental policies, including expropriation, nationalisation, international ownership legislation, interest-rate caps and tax policies. In addition, these emerging markets are affected by conditions in global financial markets and some are particularly affected by commodities price fluctuations, which in turn may affect financial market conditions through exchange rate fluctuations, interest rate volatility and deposits volatility. As a global economic recovery remains fragile, there are risks of a deterioration. If the global economic conditions deteriorate, the business, financial condition, operating results and cash flows of BBVA's subsidiaries in emerging economies, mainly in Latin America and Turkey, may be materially adversely affected.

Furthermore, financial turmoil in any particular emerging market could negatively affect other emerging markets or the global economy in general. Financial turmoil in emerging markets tends to adversely affect stock prices and debt securities prices of other emerging markets as investors move their money to more stable and developed markets, and may reduce liquidity to companies located in the affected markets. An increase in the perceived risks associated with investing in emerging economies in general, or the emerging market economies where the Group operates in particular, could dampen capital flows to such economies and adversely affect such economies.

If economic conditions in the emerging market economies where the Group operates deteriorate, the Group's business, financial condition and results of operations could be materially adversely affected.

The Group's earnings and financial condition have been, and its future earnings and financial condition may continue to be, materially affected by depressed asset valuations resulting from poor market conditions

Severe market events such as the past sovereign debt crisis, rising risk premiums and falls in share market prices, have resulted in the Group recording large write-downs on its credit market exposures in recent years. In particular, negative growth expectations and lack of confidence that policy changes would solve problems led to steep falls in asset values and a severe reduction in market liquidity in 2012 and 2013, and a moderated recovery in 2014. Additionally, in dislocated markets, hedging and other risk management strategies may not be as effective as they are in more normal market conditions due in part to the decreasing credit quality of hedge counterparties. Any deterioration in economic and financial market conditions could lead to further impairment charges and write-downs.

Exposure to the real estate market makes the Group vulnerable to developments in this market

The Group has substantial exposure to the real estate market, mainly in Spain, Mexico and the United States. The Group is exposed to the real estate market due to the fact that real estate assets secure many of its outstanding loans and due to the significant amount of real estate assets held on its balance sheet (mainly in Spain). Any deterioration of real estate prices could materially and adversely affect the Group's business, financial condition and results of operations.

Legal, Regulatory and Compliance Risks

BBVA is subject to substantial regulation and regulatory and governmental oversight. Adverse regulatory developments or changes in government policy could have a material adverse effect on its business, results of operations and financial condition

The financial services industry is among the most highly regulated industries in the world. In response to the global financial crisis and the European sovereign debt crisis, governments, regulatory authorities and others have made and continue to make proposals to reform the regulatory framework for the financial services industry to enhance its resilience against future crises. Legislation has already been enacted and regulations issued in response to some of these proposals. The regulatory framework for financial institutions is likely to undergo further significant change. This creates significant uncertainty for BBVA and the financial industry in general. The wide range of recent actions or current proposals includes, among other things, provisions for more stringent regulatory capital and liquidity standards, restrictions on compensation practices, special bank levies and financial transaction taxes, recovery and resolution powers to intervene in a crisis including "bail-in" of creditors, separation of certain businesses from deposit taking, stress testing and capital planning regimes, heightened reporting requirements and reforms of derivatives, other financial instruments, investment products and market infrastructures.

In addition, the new institutional structure in Europe for supervision, with the creation of the single supervisor, and for resolution, with the new single resolution mechanism, could lead to changes in the near future. The specific effects of a number of new laws and regulations remain uncertain because the drafting and implementation of these laws and regulations are still ongoing. In addition, since some of these laws and

regulations have been recently adopted, the manner in which they are applied to the operations of financial institutions is still evolving. No assurance can be given that laws or regulations will be enforced or interpreted in a manner that will not have a material adverse effect on the Group's business, financial condition, results of operations and cash flows. In addition, regulatory scrutiny under existing laws and regulations has become more intense.

Furthermore, regulatory authorities have substantial discretion in how to regulate banks, and this discretion, and the means available to the regulators, have been steadily increasing during recent years. Regulation may be imposed on an ad hoc basis by governments and regulators in response to a crisis, and these may especially affect financial institutions such as BBVA that are deemed to be systemically important.

In addition, local regulations in certain jurisdictions where BBVA operates differ in a number of material respects from equivalent regulations in Spain or the United States. Changes in regulations may have a material adverse effect on the Group's business, results of operations and financial condition, particularly in Mexico, the United States, Venezuela, Argentina and Turkey. Furthermore, regulatory fragmentation, with some countries implementing new and more stringent standards or regulation, could adversely affect BBVA's ability to compete with financial institutions based in other jurisdictions which do not need to comply with such new standards or regulation. Moreover, to the extent recently adopted regulations are implemented inconsistently in the various jurisdictions in which the Group operates, the Group may face higher compliance costs.

Any required changes to BBVA's business operations resulting from the legislation and regulations applicable to such business could result in significant loss of revenue, limit BBVA's ability to pursue business opportunities in which BBVA might otherwise consider engaging, affect the value of assets that BBVA holds, require BBVA to increase its prices and therefore reduce demand for its products, impose additional costs on BBVA or otherwise adversely affect BBVA's businesses. For example, BBVA is subject to substantial regulation relating to liquidity. Future liquidity standards could require BBVA to maintain a greater proportion of its assets in highly-liquid but lower-yielding financial instruments, which would negatively affect its net interest margin. Moreover, BBVA's regulators, as part of their supervisory function, periodically review BBVA's allowance for loan losses. Such regulators may require BBVA to increase its allowance for loan losses or to recognise further losses. Any such additional provisions for loan losses, as required by these regulatory agencies, whose views may differ from those of BBVA's management, could have an adverse effect on BBVA's earnings and financial condition.

Adverse regulatory developments or changes in government policy relating to any of the foregoing or other matters could have a material adverse effect on BBVA's business, results of operations and financial condition.

Increasingly onerous capital requirements may have a material adverse effect on BBVA's business, financial condition and results of operations

As a Spanish credit institution, BBVA is subject to Directive 2013/36/EU, of 26th June, of the European Parliament on access to credit institution and investment firm activities and on prudential supervision of credit institutions and investment firms that replaced Directives 2006/48 and 2006/49 (**CRD IV**), through which the EU began implementing the Basel III capital reforms, with effect from 1st January, 2014, with certain requirements in the process of being phased in until 1st January, 2019. The core regulation regarding the solvency of credit entities is Regulation (UE) No. UE 575/2013 of 26th June, of the European Parliament on prudential requirements on credit institutions and investment firms (the **CRR**), which is complemented by several binding regulatory technical standards, all of which are directly applicable in all EU member states, without the need for national implementation measures. The implementation of CRD IV into Spanish law has largely taken place through Royal Decree-Law 14/2013 of 29th November (**RD-L 14/2013**), Law 10/2014 and Royal Decree 84/2015, of 13th February (**RD 84/2015**), and Bank of Spain Circular 2/2014, of 31st January. However, further regulatory developments in this area remain pending as at the date hereof.

The new regulatory regime has, among other things, established minimum “Pillar 1” capital requirements and increased the level of capital required by means of a “combined buffer requirement” that entities must comply with from 2016 onwards.

Moreover, Article 104 of CRD IV, as implemented by Article 68 of Law 10/2014, and similarly Article 16 of Council Regulation (EU) No 1024/2013 of 15th October, conferring specific tasks on the European Central Bank (the **ECB**) concerning policies relating to the prudential supervision of credit institutions (the **SSM Regulation**), also contemplate that in addition to the minimum “Pillar 1” capital requirements, supervisory authorities may impose further “Pillar 2” capital requirements to cover other risks, including those not considered to be fully captured by the minimum “own funds” “Pillar 1” requirements under CRD IV or to address macro-prudential considerations.

In accordance with the SSM Regulation, the ECB has fully assumed its new supervisory responsibilities of BBVA and the Group within the Single Supervisory Mechanism (the **SSM**). The ECB is required under the SSM Regulation to carry out a supervisory review and evaluation process (the **SREP**) at least on an annual basis. There can be no assurance that the SREP carried out by the ECB may not result in the imposition of specific additional own funds requirements on BBVA and/or the Group pursuant to this “Pillar 2” framework.

In addition to the above, the European Banking Authority (**EBA**) published on 19th December, 2014 its final guidelines for common procedures and methodologies in respect of the SREP. Included in this were the EBA’s proposed guidelines for a common approach to determining the amount and composition of additional own funds requirements to be implemented by 1st January, 2016. Under these guidelines, national supervisors should set a composition requirement for the “Pillar 2” requirements to cover certain specified risks of at least 56 per cent. common equity tier 1 (**CET 1**) capital and at least 75 per cent. Tier 1 capital. The guidelines also contemplate that national supervisors should not set additional own funds requirements in respect of risks which are already covered by the “combined buffer requirement” and/or additional macro-prudential requirements; and, accordingly, the above “combined buffer requirement” is in addition to the “Pillar 1” minimum own funds requirement and, if applicable, to the “Pillar 2” additional own funds requirement.

Consequently, any additional own funds requirement that may be imposed on BBVA and/or the Group by the ECB pursuant to the SREP would require BBVA and/or the Group to hold capital levels above the minimum “Pillar 1” capital requirements. There can be no assurance that the total capital requirements (“Pillar 1” plus “Pillar 2” plus “combined buffer requirement”) imposed on BBVA and/or the Group may not be higher than the levels of capital available at any relevant point in time.

Any failure by BBVA and/or the Group to maintain its “Pillar 1” minimum regulatory capital ratios, any “Pillar 2” additional own funds requirements and/or any “combined buffer requirement” could result in administrative actions or sanctions, which, in turn, may have a material adverse effect on the Group’s results of operations. In particular, any failure to maintain any additional capital requirements pursuant to the “Pillar 2” framework or any other capital requirements to which BBVA and/or the Group is or becomes subject (including the “combined buffer requirement”), may result in the imposition of restrictions or prohibitions on “discretionary payments” by BBVA, including dividend payments.

In this regard, according to Law 10/2014, those entities (a) not meeting the “combined buffer requirement” or (b) in relation to which the Bank of Spain has adopted any of the measures set forth in Article 68.2 of Law 10/2014 aimed at strengthening own funds or limiting or prohibiting the distribution of dividends, will be subject as from 1st January, 2016 to restrictions on (i) distributions relating to CET 1 capital, (ii) payments in respect of variable remuneration or discretionary pension revenues and (iii) distributions relating to additional Tier 1 capital, until the Maximum Distributable Amount (i.e., the firm’s “distributable profits”, calculated in accordance with CRD IV, multiplied by a factor dependent on the extent of the shortfall in CET 1 capital) has been calculated and communicated to the Bank of Spain. Thereafter, any such distributions or payments by that entity will be subject to such Maximum Distributable Amount. The criteria for the

calculation of the Maximum Distributable Amount are still to be implemented through the Bank of Spain Circular draft, which will further develop Law 10/2014 and RD 84/2015.

Finally, any failure by BBVA and/or the Group to comply with its regulatory capital requirements could also result in the imposition of further “Pillar 2” requirements and the adoption of any early intervention or, ultimately, resolution measures by resolution authorities pursuant to Law 11/2015, which, together with Royal Decree 1012/2015 of 6th November (**RD 1012/2015**), has implemented Directive 2014/59/EU of 15th May establishing a framework for the recovery and resolution of credit institutions and investment firms (the **BRRD**) into Spanish law. At its meeting of 12th January, 2014, the oversight body of the Basel Committee endorsed the definition of the leverage ratio set forth in CRD IV, to promote consistent disclosure, which applied from 1st January, 2015. There will be a mandatory minimum capital requirement on 1st January, 2018, with an initial minimum leverage ratio of 3 per cent. that can be raised after calibration, if European authorities so decide.

BBVA's business, financial condition and results of operations may be adversely affected if certain deferred tax assets have to be deducted from regulatory capital

In addition to introducing new capital requirements, CRD IV provides that deferred tax assets (**DTAs**) that rely on the future profitability of a financial institution must be deducted from its regulatory capital (specifically its core capital or CET 1 capital) for prudential reasons, as there is generally no guarantee that DTAs will retain their value in the event of the institution facing difficulties.

This new deduction introduced by CRD IV has a significant impact on Spanish banks due to the particularly restrictive nature of certain aspects of Spanish tax law. For example, in some EU countries when a bank reports a loss the tax authorities refund a portion of taxes paid in previous years but in Spain the bank must earn profits in subsequent years in order for this set-off to take place. Additionally, Spanish tax law does not recognise as tax-deductible certain amounts recorded as costs in the accounts of a bank, unlike the tax legislation of other EU countries.

Due to these differences and the impact of the requirements of CRD IV on DTAs, the Spanish regulator implemented certain amendments to Law 27/2014 of 27th November on Corporate Income Tax (*Impuesto sobre Sociedades*) (the **Corporate Income Tax Law**) through RD-L 14/2013, which also provided for a transitional regime for DTAs generated before 1st January, 2014. These amendments enable certain DTAs to be treated as a direct claim against the tax authorities if a Spanish bank is unable to reverse the relevant differences within 18 years or if it is liquidated, becomes insolvent or incurs accounting losses. This will, therefore, allow a Spanish bank not to deduct such DTAs from its regulatory capital. The transitional regime provides for a period in which only a percentage (which increases yearly) of the applicable DTAs will have to be deducted. This transitional regime has also been included in Law 27/2014.

However, in 2015 it was agreed that the Corporate Income Tax Law would be amended by means of the 2016 State Budget Law to ensure that the fiscal rules regarding DTAs which have originated from temporary differences between tax and accounting criteria with a government guarantee (also referred to as differed tax credits - **DTCs**), are compatible with European law on state aid and therefore are not subject to the previous uncertainty regarding DTC's deductibility from a bank's regulatory capital.

The risk of this amendment to the Corporate Income Tax Law is to reduce the time during which existing non-government guaranteed DTAs can be maintained by Spanish banks as regulatory capital. The existing transitional regime in Spain allows a Spanish bank to deduct such DTAs from its regulatory capital during a period of up to ten years, however, under the proposed ECB's harmonisation process the period could be reduced in line with international best practice, which could result in an increase in applicable DTAs that will have to be deducted in any year. This may negatively affect BBVA's regulatory capital and therefore its ability to pay dividends or require it to issue additional securities that qualify as regulatory capital, to liquidate assets, to curtail business or to take any other actions, any of which may have a material adverse effect on BBVA's business, financial condition and results of operations.

The full consolidation of Garanti in the consolidated financial statements of the Group may result in increased capital requirements

On 19th November, 2014, BBVA entered into agreements for the acquisition from Doğuş Holding A.Ş. and Ferit Faik Şahenk, Dianne Şahenk and Defne Şahenk, respectively, of 62,538,000,000 shares of Türkiye Garanti Bankası A.Ş. (**Garanti**) in the aggregate (see “*Item 10. Additional Information – Material Contracts*” of the Form 20-F). The acquisition was conditional on obtaining all necessary regulatory consents from the relevant Turkish, Spanish, European Union and, if applicable, other jurisdictions’ regulatory authorities and was completed in July 2015. Following completion of this acquisition, BBVA fully consolidated Garanti in the consolidated financial statements of the Group. The consolidation of Garanti may result in an incremental increase in the capital requirements imposed on the Group by the ECB through the SSM.

Increased taxation and other burdens imposed on the financial sector may have a material adverse effect on BBVA’s business, financial condition and results of operations

On 14th February, 2013 the European Commission published a proposal (the **Commission’s Proposal**) for a Directive for a common financial transaction tax (**FTT**) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission’s Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and participating Member States may decide not to participate.

Royal Decree-Law 8/2014, of 4th July, introduced a 0.03 per cent. tax on bank deposits in Spain. This tax is payable annually by Spanish banks. There can be no assurance that additional national or transnational bank levies or financial transaction taxes will not be adopted by the authorities of the jurisdictions where BBVA operates.

Contributions for assisting in the future recovery and resolution of the Spanish banking sector may have a material adverse effect on BBVA’s business, financial condition and results of operations

In 2015, Law 11/2015 and RD 1012/2015 have established a requirement for Spanish credit institutions, including BBVA, to make at least an annual ordinary contribution to the National Resolution Fund (*Fondo de Resolución Nacional*) payable on request of the Fund for Orderly Bank Restructuring (*Fondo de Reestructuración Ordenada Bancaria*) (the **FROB**) in addition to the annual contribution to be made to the Deposit Guarantee Fund (*Fondo de Garantía de Depósitos de Entidades de Crédito*) by member institutions. The total amount of contributions to be made to the National Resolution Fund by all Spanish banking entities must equal, at least, one per cent. of the aggregate amount of all deposits guaranteed by the Deposit Guarantee Fund by 31st December, 2024. The contribution will be adjusted to the risk profile of each institution in accordance with the criteria set out in RD 1012/2015. The FROB may, in addition, collect extraordinary contributions.

Furthermore, Law 11/2015 has also established in 2015 an additional charge (*tasa*) which shall be used to further fund the activities of the FROB, in its capacity as a resolution authority, which charge shall equal 2.5 per cent. of the above annual ordinary contribution to be made to the National Resolution Fund.

In addition, BBVA may need to make contributions to the EU Single Resolution Fund, once the National Resolution Fund has been integrated into it, and will have to pay supervisory fees to the SSM. See “*–Regulatory developments related to the EU fiscal and banking union may have a material adverse effect on BBVA’s business, financial condition and results of operations.*”

Any levies, taxes or funding requirements imposed on BBVA pursuant to the foregoing or otherwise in any of the jurisdictions where it operates could have a material adverse effect on BBVA’s business, financial condition and results of operations.

Regulatory developments related to the EU fiscal and banking union may have a material adverse effect on BBVA’s business, financial condition and results of operations

The project of achieving a European banking union was launched in the summer of 2012. Its main goal is to resume progress towards the European single market for financial services by restoring confidence in the European banking sector and ensuring the proper functioning of monetary policy in the Eurozone.

Banking union is expected to be achieved through new harmonised banking rules (the single rulebook) and a new institutional framework with stronger systems for both banking supervision and resolution that will be managed at the European level. Its two main pillars are the SSM and the Single Resolution Mechanism (**SRM**).

The SSM is expected to assist in making the banking sector more transparent, unified and safer. In accordance with the SSM Regulation, the ECB fully assumed its new supervisory responsibilities within the SSM, in particular the direct supervision of the largest European banks (including BBVA), on 4th November, 2014. In preparation for this step, between November 2013 and October 2014 the ECB conducted, together with national supervisors, a comprehensive assessment of the largest banks, which together hold more than 80 per cent. of the Eurozone banking assets. The exercise consisted of three elements: (i) a supervisory risk assessment, which assessed the main balance sheet risks including liquidity, funding and leverage; (ii) an asset quality review, which focused on credit and market risks; and (iii) a stress test to examine the need to strengthen capital or take other corrective measures.

The SSM represents a significant change in the approach to bank supervision at a European and global level, even if it is not expected to result in any radical change in bank supervisory practices in the short term. The SSM will result in the direct supervision of the largest financial institutions, including BBVA, and indirect supervision of around 3,500 financial institutions. The new supervisor will be one of the largest in the world in terms of assets under supervision. In the coming years, the SSM is expected to work to establish a new supervisory culture importing best practices from the 19 supervisory authorities that will be part of the SSM. Several steps have already been taken in this regard such as the recent publication of the Supervisory Guidelines and the creation of the SSM Framework Regulation. In addition, this new body will represent an extra cost for the financial institutions that will fund it through payment of supervisory fees.

The other main pillar of the EU banking union is the SRM, the main purpose of which is to ensure a prompt and coherent resolution of failing banks in Europe at minimum cost. Regulation (EU) No. 806/2014 of the European Parliament and the Council of the European Union (the **SRM Regulation**), which was passed on 15th July, 2014, and took legal effect from 1st January, 2015, establishes uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of the SRM and a Single Resolution Fund. The new Single Resolution Board started operating from 1st January, 2015 but it will not fully assume its resolution powers until 1st January, 2016. From that date onwards the Single Resolution Fund will also be in place, funded by contributions from European banks in accordance with the methodology approved by the Council of the European Union. The Single Resolution Fund is intended to

reach a total amount of €55 billion by 2024 and to be used as a separate backstop only after an 8 per cent. bail-in of a bank's liabilities has been applied to cover capital shortfalls (in line with the BRRD).

By allowing for the consistent application of EU banking rules through the SSM, the banking union is expected to help resume momentum towards economic and monetary union. In order to complete such union, a single deposit guarantee scheme is still needed which may require a change to the existing European treaties. This is the subject of continued negotiation by European leaders to ensure further progress is made in European fiscal, economic and political integration.

Regulations adopted towards achieving a banking and/or fiscal union in the EU and decisions adopted by the ECB in its capacity as BBVA's main supervisory authority may have a material effect on BBVA's business, financial condition and results of operations. In particular, the BRRD and Directive 2014/49/EU on deposit guarantee schemes were published in the Official Journal of the EU on 12th June, 2014. The BRRD was implemented into Spanish law through Law 11/2015 and RD 1012/2015, although the bail-in tool set forth in Chapter VI of Law 11/2015, will not apply until 1st January, 2016. In addition, on 29th January, 2014, the European Commission released its proposal on the structural reforms of the European banking sector that will impose new constraints on the structure of European banks. The proposal aims at ensuring the harmonisation between the divergent national initiatives in Europe. It includes a prohibition on proprietary trading similar to that contained in Section 619 of the Dodd-Frank Act (also known as the Volcker Rule) and a mechanism to potentially require the separation of trading activities (including market making), such as in the Financial Services (Banking Reform) Act 2013, complex securitisations and risky derivatives.

There can be no assurance that regulatory developments related to the EU fiscal and banking union, and initiatives undertaken at EU level, will not have a material adverse effect on BBVA's business, financial condition and results of operations.

The Group's anti-money laundering and anti-terrorism policies may be circumvented or otherwise not be sufficient to prevent all money laundering or terrorism financing

Group companies are subject to rules and regulations regarding money laundering and the financing of terrorism. Monitoring compliance with anti-money laundering and anti-terrorism financing rules can put a significant financial burden on banks and other financial institutions and pose significant technical problems. Although the Group believes that its current policies and procedures are sufficient to comply with applicable rules and regulations, it cannot guarantee that its anti-money laundering and anti-terrorism financing policies and procedures will not be circumvented or otherwise not be sufficient to prevent all money laundering or terrorism financing. Any of such events may have severe consequences, including sanctions, fines and notably reputational consequences, which could have a material adverse effect on the Group's financial condition and results of operations.

Local regulation may have a material effect on BBVA's business, financial condition, results of operations and cash flows

BBVA's operations are subject to regulatory risks, including the effects of changes in laws, regulations, policies and interpretations, in the various jurisdictions outside Spain where it operates. Regulations in certain jurisdictions where BBVA operates differ in a number of material respects from regulations in Spain. For example, local regulations may require BBVA's subsidiaries and affiliates to meet capital requirements which are different from those applicable to BBVA as a Spanish bank, they may prohibit certain activities permitted to be undertaken by BBVA in Spain or they may require certain approvals to be obtained in connection with such subsidiaries and affiliates' activities. Changes in regulations may have a material effect on the Group's business and operations, particularly changes affecting Mexico, the United States, Venezuela, Argentina or Turkey, which are the Group's most significant jurisdictions by assets other than Spain.

Furthermore, the governments in certain regions where the Group operates, have exercised, and continue to exercise, significant influence over the local economy. Governmental actions, including changes in laws or regulations or in the interpretation of existing laws or regulations, concerning the economy and state-owned

enterprises, or otherwise affecting the Group's activity, could have a significant effect on the private sector entities in general and on BBVA's subsidiaries and affiliates in particular. In addition, the Group's activities in emerging economies, such as Venezuela, are subject to a heightened risk of changes in governmental policies, including expropriation, nationalisation, international ownership legislation, interest-rate caps, exchange controls, government restrictions on dividends and tax policies. Any of these risks could have a material adverse effect on the Group's business, financial condition and results of operations.

Liquidity and Financial Risks

BBVA has a continuous demand for liquidity to fund its business activities. BBVA may suffer during periods of market-wide or firm-specific liquidity constraints, and liquidity may not be available to it even if its underlying business remains strong

Liquidity and funding continues to remain a key area of focus for the Group and the industry as a whole. Like all major banks, the Group is dependent on confidence in the short- and long-term wholesale funding markets. Should the Group, due to exceptional circumstances, be unable to continue to source sustainable funding, its ability to fund its financial obligations could be affected.

BBVA's profitability or solvency could be adversely affected if access to liquidity and funding is constrained or made more expensive for a prolonged period of time. Under extreme and unforeseen circumstances, such as the closure of financial markets and uncertainty as to the ability of a significant number of firms to ensure they can meet their liabilities as they fall due, the Group's ability to meet its financial obligations as they fall due or to fulfill its commitments to lend could be affected through limited access to liquidity (including government and central bank facilities). In such extreme circumstances the Group may not be in a position to continue to operate without additional funding support, which it may be unable to access. These factors may have a material adverse effect on the Group's solvency, including its ability to meet its regulatory minimum liquidity requirements. These risks can be exacerbated by operational factors such as an over-reliance on a particular source of funding or changes in credit ratings, as well as market-wide phenomena such as market dislocation, regulatory change or major disasters.

In addition, corporate and institutional counterparties may seek to reduce aggregate credit exposures to BBVA (or to all banks), which could increase the Group's cost of funding and limit its access to liquidity. The funding structure employed by the Group may also prove to be inefficient, thus giving rise to a level of funding cost where the cumulative costs are not sustainable over the longer term. The funding needs of the Group may increase and such increases may be material to the Group's operating results, financial condition or prospects.

Withdrawals of deposits or other sources of liquidity may make it more difficult or costly for the Group to fund its business on favourable terms or cause the Group to take other actions

Historically, one of the Group's principal sources of funds has been savings and demand deposits. Large-denomination time deposits may, under some circumstances, such as during periods of significant interest rate-based competition for these types of deposits, be a less stable source of deposits than savings and demand deposits. The level of wholesale and retail deposits may also fluctuate due to other factors outside the Group's control, such as a loss of confidence (including as a result of political initiatives, including bail-in and/or confiscation and/or taxation of creditors' funds) or competition from investment funds or other products. The recent introduction of a national tax on outstanding deposits could be negative for BBVA's activities in Spain. Moreover, there can be no assurance that, in the event of a sudden or unexpected withdrawal of deposits or shortage of funds in the banking systems or money markets in which the Group operates, the Group will be able to maintain its current levels of funding without incurring higher funding costs or having to liquidate certain of its assets. In addition, if public sources of liquidity, such as the ECB extraordinary measures adopted in response to the financial crisis since 2008, are removed from the market, there can be no assurance that the Group will be able to maintain its current levels of funding without incurring higher funding costs or having to liquidate certain of its assets or taking additional deleverage measures.

Implementation of internationally accepted liquidity ratios might require changes in business practices that affect the profitability of BBVA's business activities

The liquidity coverage ratio (LCR) is a quantitative liquidity standard developed by the Basel Committee on Banking Supervision (BCBS) to ensure that those banking organisations to which this standard is to apply have sufficient high-quality liquid assets to cover expected net cash outflows over a 30-day liquidity stress period. The final standard was announced in January 2013 by the BCBS and, since January 2015, is being phased-in until 2019. Currently the banks to which this standard applies must comply with a minimum LCR requirement of 60 per cent. and gradually increase the ratio by 10 percentage points per year to reach 100 per cent. by January 2019.

The BCBS's net stable funding ratio (NSFR) has a time horizon of one year and has been developed to provide a sustainable maturity structure of assets and liabilities such that banks maintain a stable funding profile in relation to their on- and off-balance sheet activities that reduces the likelihood that disruptions to a bank's regular sources of funding will erode its liquidity position in a way that could increase the risk of its failure. The BCBS contemplates that the NSFR, including any revisions, will be implemented by member countries as a minimum standard by 1st January, 2018, with no phase-in scheduled.

Various elements of the LCR and the NSFR, as they are implemented by national banking regulators and complied with by BBVA may cause changes that affect the profitability of business activities and require changes to certain business practices, which could expose BBVA to additional costs (including increased compliance costs) or have a material adverse effect on BBVA's business, financial condition or results of operations. These changes may also cause BBVA to invest significant management attention and resources to make any necessary changes.

The Group's businesses are subject to inherent risks concerning borrower and counterparty credit quality which have affected and are expected to continue to affect the recoverability and value of assets on the Group's balance sheet

The Group has exposures to many different products, counterparties and obligors and the credit quality of its exposures can have a significant effect on the Group's earnings. Adverse changes in the credit quality of the Group's borrowers and counterparties or collateral, or in their behavior or businesses, may reduce the value of the Group's assets, and materially increase the Group's write-downs and provisions for impairment losses. Credit risk can be affected by a range of factors, including an adverse economic environment, reduced consumer and/or government spending, global economic slowdown, changes in the rating of individual counterparties, the debt levels of individual contractual counterparties and the economic environment they operate in, increased unemployment, reduced asset values, increased personal or corporate insolvency levels, reduced corporate profits, changes (and the timing, quantum and pace of these changes) in interest rates, counterparty challenges to the interpretation or validity of contractual arrangements and any external factors of a legislative or regulatory nature. In recent years, the global economic crisis has driven cyclically high bad debt charges.

Non-performing or low credit quality loans have in the past and can continue to negatively affect BBVA's results of operations. BBVA cannot assure that it will be able to effectively control the level of the impaired loans in its total loan portfolio. At present, default rates are partly cushioned by low rates of interest which have improved customer affordability, but the risk remains of increased default rates as interest rates start to rise. The timing quantum and pace of any rise is a key risk factor. All new lending is dependent on the Group's assessment of each customer's ability to pay, and there is an inherent risk that the Group has incorrectly assessed the credit quality or willingness of borrowers to pay, possibly as a result of incomplete or inaccurate disclosure by those borrowers or as a result of the inherent uncertainty that is involved in the exercise of constructing models to estimate the true risk of lending to counterparties. The Group estimates and establishes reserves for credit risks and potential credit losses inherent in its credit exposure. This process, which is critical to the Group's results and financial condition, requires difficult, subjective and complex judgments, including forecasts of how macro-economic conditions might impair the ability of borrowers to repay their loans. As is the case with any such assessments, there is always a risk that the Group

will fail to adequately identify the relevant factors or that it will fail to estimate accurately the effect of these identified factors, which could have a material adverse effect on the Group's business, financial condition or results of operations.

The Group's business is particularly vulnerable to volatility in interest rates

The Group's results of operations are substantially dependent upon the level of its net interest income, which is the difference between interest income from interest-earning assets and interest expense on interest-bearing liabilities. Interest rates are highly sensitive to many factors beyond the Group's control, including fiscal and monetary policies of governments and central banks, regulation of the financial sectors in the markets in which it operates, domestic and international economic and political conditions and other factors. Changes in market interest rates, including cases of negative reference rates, can affect the interest rates that the Group receives on its interest-earning assets differently to the rates that it pays for its interest-bearing liabilities. This may, in turn, result in a reduction of the net interest income the Group receives, which could have a material adverse effect on its results of operations.

In addition, the high proportion of loans referenced to variable interest rates makes debt service on such loans more vulnerable to changes in interest rates. In addition, a rise in interest rates could reduce the demand for credit and the Group's ability to generate credit for its clients, as well as contribute to an increase in the credit default rate. As a result of these and the above factors, significant changes or volatility in interest rates could have a material adverse effect on the Group's business, financial condition or results of operations.

The Group has a substantial amount of commitments with personnel considered wholly unfunded due to the absence of qualifying plan assets

The Group's commitments with personnel which are considered to be wholly unfunded are recognised under the heading "Provisions—Provisions for Pensions and Similar Obligations" in its consolidated balance sheets included in the Consolidated Financial Statements. For more information, please see Note 24 of the Consolidated Financial Statements.

The Group faces liquidity risk in connection with its ability to make payments on these unfunded amounts which it seeks to mitigate, with respect to "Post-employment benefits", by maintaining insurance contracts which were contracted with insurance companies owned by the Group. The insurance companies have recorded in their balance sheets specific assets (fixed interest deposit and bonds) assigned to the funding of these commitments. The insurance companies also manage derivatives (primarily swaps) to mitigate the interest rate risk in connection with the payments of these commitments. The Group seeks to mitigate liquidity risk with respect to "Early retirements" and "Post-employment welfare benefits" through oversight by the Assets and Liabilities Committee (ALCO) of the Group. The Group's ALCO manages a specific asset portfolio to mitigate the liquidity risk resulting from the payments of these commitments. These assets are government and covered bonds which are issued at fixed interest rates with maturities matching the aforementioned commitments. The Group's ALCO also manages derivatives (primarily swaps) to mitigate the interest rate risk in connection with the payments of these commitments. Should BBVA fail to adequately manage liquidity risk and interest rate risk either as described above or otherwise, it could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

BBVA is dependent on its credit ratings and any reduction of its credit ratings could materially and adversely affect the Group's business, financial condition and results of operations

BBVA is rated by various credit rating agencies. BBVA's credit ratings are an assessment by rating agencies of its ability to pay its obligations when due. Any actual or anticipated decline in BBVA's credit ratings to below investment grade or otherwise may increase the cost of and decrease the Group's ability to finance itself in the capital markets, secured funding markets (by affecting its ability to replace downgraded assets with better rated ones), interbank markets, through wholesale deposits or otherwise, harm its reputation, require it to replace funding lost due to the downgrade, which may include the loss of customer deposits, and

make third parties less willing to transact business with the Group or otherwise materially adversely affect its business, financial condition and results of operations. Furthermore, any decline in BBVA's credit ratings to below investment grade or otherwise could breach certain agreements or trigger additional obligations under such agreements, such as a requirement to post additional collateral, which could materially adversely affect the Group's business, financial condition and results of operations.

Highly-indebted households and corporations could endanger the Group's asset quality and future revenues

In recent years, households and businesses have reached a high level of indebtedness, particularly in Spain, which has created increased risk in the Spanish banking system. In addition, the high proportion of loans referenced to variable interest rates makes (i) debt service on such loans more vulnerable to upward movements in interest rates and (ii) the profitability of the loans more vulnerable to interest rate decreases. Highly indebted households and businesses are less likely to be able to service debt obligations as a result of adverse economic events, which could have an adverse effect on the Group's loan portfolio and, as a result, on its financial condition and results of operations. Moreover, the increase in households' and businesses' indebtedness also limits their ability to incur additional debt, reducing the number of new products the Group may otherwise be able to sell to them and limiting the Group's ability to attract new customers who satisfy its credit standards, which could have an adverse effect on the Group's ability to achieve its growth plans.

The Group depends in part upon dividends and other funds from subsidiaries

Some of the Group's operations are conducted through its financial services subsidiaries. As a result, BBVA's ability to pay dividends, to the extent BBVA decides to do so, depends in part on the ability of the Group's subsidiaries to generate earnings and to pay dividends to BBVA. Payment of dividends, distributions and advances by the Group's subsidiaries will be contingent upon their earnings and business considerations and is or may be limited by legal, regulatory and contractual restrictions. For instance, the repatriation of dividends from the Group's Venezuelan and Argentinean subsidiaries have been subject to certain restrictions and there is no assurance that further restrictions will not be imposed. Additionally, BBVA's right to receive any assets of any of the Group's subsidiaries as an equity holder of such subsidiaries upon their liquidation or reorganisation, will be effectively subordinated to the claims of subsidiaries' creditors, including trade creditors.

Business and Industry Risks

The Group faces increasing competition in its business lines

The markets in which the Group operates are highly competitive and this trend will likely continue. In addition, the trend towards consolidation in the banking industry has created larger and stronger banks with which the Group must now compete.

The Group also faces competition from non-bank competitors, such as payment platforms, ecommerce businesses, department stores (for some credit products), automotive finance corporations, leasing companies, factoring companies, mutual funds, pension funds, insurance companies, and public debt.

There can be no assurance that this competition will not adversely affect the Group's business, financial condition, cash flows and results of operations.

The Group faces risks related to its acquisitions and divestitures

The Group's mergers and acquisitions activity involves divesting its interests in some businesses and strengthening other business areas through acquisitions. The Group may not complete these transactions in a timely manner, on a cost-effective basis or at all. Even though the Group reviews the companies it plans to acquire, it is generally not feasible for these reviews to be complete in all respects. As a result, the Group may assume unanticipated liabilities, or an acquisition may not perform as well as expected. In addition,

transactions such as these are inherently risky because of the difficulties of integrating people, operations and technologies that may arise. There can be no assurance that any of the businesses the Group acquires can be successfully integrated or that they will perform well once integrated. Acquisitions may also lead to potential write-downs due to unforeseen business developments that may adversely affect the Group's results of operations.

The Group's results of operations could also be negatively affected by acquisition or divestiture-related charges, amortisation of expenses related to intangibles and charges for impairment of long-term assets. The Group may be subject to litigation in connection with, or as a result of, acquisitions or divestitures, including claims from terminated employees, customers or third parties, and the Group may be liable for future or existing litigation and claims related to the acquired business or divestiture because either the Group is not indemnified for such claims or the indemnification is insufficient. These effects could cause the Group to incur significant expenses and could materially adversely affect its business, financial condition, cash flows and results of operations.

The Group is party to lawsuits, tax claims and other legal proceedings

Due to the nature of the Group's business, BBVA and its subsidiaries are involved in litigation, arbitration and regulatory proceedings in jurisdictions around the world (including proceedings on the potential retroactivity of compensation to customers regarding certain mortgages clauses), the financial outcome of which is unpredictable. An adverse outcome or settlement in these proceedings could result in significant costs and may have a material adverse effect on the Group's business, financial condition, cash flows, results of operations and reputation. In addition, responding to the demands of litigation may divert management's time and attention and financial resources. While the Group believes that it has provisioned such risks appropriately based on the opinions and advice of its legal advisors and in accordance with applicable accounting rules, it is possible that losses resulting from such risks, if proceedings are decided in whole or in part adversely to the Group, could exceed the amount of provisions made for such risks. See "*Item 8. Financial information—Consolidated Statements and Other Financial Information—Legal proceedings*" of the Form 20-F and Note 23 to BBVA's Consolidated Financial Statements for additional information on the Group's legal, regulatory and arbitration proceedings.

The Group's ability to maintain its competitive position depends significantly on its international operations, which expose the Group to foreign exchange, political and other risks in the countries in which it operates, which could cause an adverse effect on its business, financial condition and results of operations.

The Group operates commercial banks and insurance and other financial services companies in various countries and its overall success as a global business depends upon its ability to succeed in differing economic, social and political conditions. The Group is particularly sensitive to developments in Mexico, the United States, Venezuela and Argentina, which represented 15 per cent., 11 per cent., 3 per cent. and 1 per cent. of the Group's assets as at 31st December, 2014, respectively. In addition, following completion of the acquisition of an additional 14.89 per cent. stake in Garanti (see "*Item 10. Additional Information—Material Contracts*" of the Form 20-F), the Group will also be significantly exposed to developments in Turkey.

The Group is confronted with different legal and regulatory requirements in many of the jurisdictions in which it operates. See "*—Legal, Regulatory and Compliance Risks—Local regulation may have a material effect on BBVA's business, financial condition, results of operations and cash flows.*". These include, but are not limited to, different tax regimes and laws relating to the repatriation of funds or nationalisation or expropriation of assets. The Group's international operations may also expose it to risks and challenges which its local competitors may not be required to face, such as exchange rate risk, difficulty in managing a local entity from abroad, and political risk which may be particular to foreign investors, or the distribution of dividends.

In addition, the Group is more exposed to emerging economies than most of its European competitors. The Group's presence in locations such as the Latin American markets or Turkey requires it to respond to rapid

changes in market conditions in these countries and exposes the Group to increased risks relating to emerging markets. See “–*Macroeconomic Risks—The Group may be materially adversely affected by developments in the emerging markets economies where it operates.*”. There can be no assurance that the Group will succeed in developing and implementing policies and strategies that are effective in each country in which it operates or that any of the foregoing factors will not have a material adverse effect on its business, financial condition and results of operations.

BBVA is party to a shareholders’ agreement with Doğuş Holding A. Ş., among other shareholders, in connection with Garanti which may affect BBVA’s ability to achieve the expected benefits from its interest in Garanti.

On 1st November, 2010, BBVA entered into a shareholders’ agreement with Doğuş Holding A.Ş., Doğuş Nakliyat ve Ticaret A.Ş. and Doğuş Araştırma Geliştirme ve Müşavirlik Hizmetleri A.Ş. (the **Doğuş Group**), in connection with the acquisition of its initial interest in Garanti (the **original SHA**). On 19th November, 2014, BBVA and the Doğuş Group entered into an agreement that amends and restates the original SHA and which came into force upon completion of BBVA’s acquisition of an additional 14.89 per cent. interest in Garanti (the **amended and restated SHA**). The amended and restated SHA allows BBVA to appoint the Chairman of Garanti’s board of directors, the majority of its members and Garanti’s CEO, it provides that certain reserved matters must be implemented or approved (either at a meeting of the shareholders or of the board of directors) only with the consent of each party. For example, for so long as the Doğuş Group owns shares representing over 9.95 per cent. of the share capital of Garanti, the disposal or discontinuance of, or material changes to, any line of business or business entity within the Garanti group that has a value in excess of 25 per cent. of the Garanti group’s total net assets in one financial year, will require the Doğuş Group’s consent. If BBVA and the Doğuş Group are unable to agree on such reserved matters Garanti’s business, financial condition and results of operations may be adversely affected and BBVA may fail to achieve the expected benefits from its interest in Garanti. In addition, due to BBVA’s and Garanti’s association with the Doğuş Group, which is one of the largest Turkish conglomerates with business interests in the financial services, construction, tourism and automotive sectors, any financial reversal, negative publicity or other adverse circumstance relating to the Doğuş Group could adversely affect Garanti or BBVA.

Financial and Risk Reporting

Weaknesses or failures in the Group’s internal processes, systems and security could materially adversely affect its results of operations, financial condition or prospects, and could result in reputational damage

Operational risks, through inadequate or failed internal processes, systems (including financial reporting and risk monitoring processes) or security, or from people-related or external events, including the risk of fraud and other criminal acts carried out against Group companies, are present in the Group’s businesses. These businesses are dependent on processing and reporting accurately and efficiently a high volume of complex transactions across numerous and diverse products and services, in different currencies and subject to a number of different legal and regulatory regimes. Any weakness in these internal processes, systems or security could have an adverse effect on the Group’s results, the reporting of such results, and on the ability to deliver appropriate customer outcomes during the affected period. In addition, any breach in security of the Group’s systems could disrupt its business, result in the disclosure of confidential information and create significant financial and legal exposure for the Group. Although the Group devotes significant resources to maintain and regularly update its processes and systems that are designed to protect the security of its systems, software, networks and other technology assets, there is no assurance that all of its security measures will provide absolute security. Any damage to the Group’s reputation (including to customer confidence) arising from actual or perceived inadequacies, weaknesses or failures in its systems, processes or security could have a material adverse effect on its business, financial condition and results of operations.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that BSF or BBVA will be unable to comply with its obligations as a company with securities admitted to the Official List.

The financial industry is increasingly dependent on information technology systems, which may fail, may not be adequate for the tasks at hand or may no longer be available

Banks and their activities are increasingly dependent on highly sophisticated information technology (IT) systems. IT systems are vulnerable to a number of problems, such as software or hardware malfunctions, computer viruses, hacking and physical damage to vital IT centres. IT systems need regular upgrading and banks, including BBVA, may not be able to implement necessary upgrades on a timely basis or upgrades may fail to function as planned. Furthermore, failure to protect financial industry operations from cyber-attacks could result in the loss or compromise of customer data or other sensitive information. These threats are increasingly sophisticated and there can be no assurance that banks will be able to prevent all breaches and other attacks on its IT systems. In addition to costs that may be incurred as a result of any failure of IT systems, banks, including BBVA, could face fines from bank regulators if they fail to comply with applicable banking or reporting regulations.

BBVA's financial statements are based in part on assumptions and estimates which, if inaccurate, could cause material misstatement of the results of its operations and financial position

The preparation of financial statements in accordance with IFRS requires the use of estimates. It also requires management to exercise judgment in applying relevant accounting policies. The key areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the consolidated and individual financial statements, include credit impairment charges for amortised cost assets, impairment and valuation of available-for-sale investments, calculation of income and deferred tax, fair value of financial instruments, valuation of goodwill and intangible assets, valuation of provisions and accounting for pensions and post-retirement benefits. There is a risk that if the judgment exercised or the estimates or assumptions used subsequently turn out to be incorrect then this could result in significant loss to the Group, beyond that anticipated or provided for, which could have an adverse effect on the Group's business, financial condition and results of operations.

Observable market prices are not available for many of the financial assets and liabilities that the Group holds at fair value and a variety of techniques to estimate the fair value are used. Should the valuation of such financial assets or liabilities become observable, for example as a result of sales or trading in comparable assets or liabilities by third parties, this could result in a materially different valuation to the current carrying value in the Group's financial statements.

The further development of standards and interpretations under IFRS could also significantly affect the financial results, condition and prospects of the Group.

RISKS RELATED TO EARLY INTERVENTION AND RESOLUTION

The Notes may be subject to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority. Other powers contained in Law 11/2015 could materially affect the rights of the Noteholders under, and the value of, any Notes

The BRRD (which has been implemented in Spain through Law 11/2015 and RD 1012/2015) is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in unsound or failing credit institutions or investment firms (each an **institution**) so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

In accordance with article 20 of Law 11/2015, an institution will be considered as failing or likely to fail in any of the following circumstances: (i) it is, or is likely in the near future to be, in significant breach of its solvency or any other requirements necessary for maintaining its authorisation; (ii) its assets are, or are likely in the near future to be, less than its liabilities; (iii) it is, or is likely in the near future to be, unable to pay its debts as they fall due; or (iv) it requires extraordinary public financial support (except in limited

circumstances). The determination that an institution is no longer viable may depend on a number of factors which may be outside of that institution's control.

As provided in the BRRD, Law 11/2015 contains four resolution tools and powers which may be used alone or in combination where the FROB, the SRM or, as the case may be and according to Law 11/2015, the Bank of Spain or the Spanish Securities Market Commission or any other entity with the authority to exercise any such tools and powers from time to time (each, a **Relevant Spanish Resolution Authority**) as appropriate, considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest. The four resolution tools are: (i) sale of business - which enables resolution authorities to direct the sale of the institution or the whole or part of its business on commercial terms; (ii) bridge institution - which enables resolution authorities to transfer all or part of the business of the institution to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation - which enables resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in – by which the Relevant Spanish Resolution Authority may exercise the Spanish Bail-in Power (as defined below). This includes the ability of the Relevant Spanish Resolution Authority to write down and/or to convert into equity or other securities or obligations (which equity, securities and obligations could also be subject to any future application of the Spanish Bail-in Power) certain unsecured debt claims, including the Notes and, in the case of Notes issued by BSF, the Guarantee.

The **Spanish Bail-in Power** is any write-down, conversion, transfer, modification, or suspension power existing from time to time under, and exercised in compliance with any laws, regulations, rules or requirements in effect in Spain, relating to the transposition of the BRRD, as amended from time to time, including, but not limited to (i) Law 11/2015, as amended from time to time, (ii) RD 1012/2015, as amended from time to time, (iii) the SRM Regulation, as amended from time to time, and (iv) any other instruments, rules or standards made in connection with either (i), (ii) or (iii), pursuant to which any obligation of an institution can be reduced, cancelled, modified, or converted into shares, other securities, or other obligations of such institution or any other person (or suspended for a temporary period).

The powers set out in the BRRD as implemented through Law 11/2015 and RD 1012/2015 will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. Law 11/2015 provides that the Spanish Bail-in Power shall be applied from 1st January, 2016. From this date, the Notes, and in the case of Notes issued by BSF, the Guarantee, may be subject to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority, which may result in, among other things, a write-down and/or conversion into equity or other securities or obligations of amounts due under such Notes. The exercise of any such powers may result in such Noteholders losing some or all of their investment or otherwise having their rights under such Notes adversely affected. For example, the Spanish Bail-in Power may be exercised in such a manner as to result in Noteholders receiving a different security, which may be worth significantly less than the Notes. Moreover, the exercise of the Spanish Bail-in Power with respect to the Notes or the taking by an authority of any other action, or any suggestion that the exercise or taking of any such action may happen, could materially adversely affect the rights of Noteholders, the market price or value or trading behaviour of any Notes and/or the ability of BSF and BBVA to satisfy their respective obligations under any Notes and, in the case of Notes issued by BSF, the Guarantee.

Furthermore, the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority with respect to the Notes is likely to be inherently unpredictable and may depend on a number of factors which may also be outside of BSF and/or BBVA's control. In addition, as the Relevant Spanish Resolution Authority will retain an element of discretion, holders of the Notes may not be able to refer to publicly available criteria in order to anticipate any potential exercise of any such Spanish Bail-in Power. Because of this inherent uncertainty, it will be difficult to predict when, if at all, the exercise of any Spanish Bail-in Power by the Relevant Spanish Resolution Authority may occur.

This uncertainty may adversely affect the value of the Notes. The price and trading behaviour of the Notes may be affected by the threat of a possible exercise by the Relevant Spanish Resolution Authority of the Spanish Bail-in Power even if the likelihood of such exercise is remote. Moreover, the Relevant Spanish Resolution Authority may exercise the Spanish Bail-in Power without providing any advance notice to the holders of the Notes.

In addition, the European Banking Authority's preparation of certain regulatory technical standards and implementing technical standards to be adopted by the European Commission and certain other guidelines is pending. These acts could be potentially relevant to determining when or how a Relevant Spanish Resolution Authority may exercise the Spanish Bail-in Power. The pending acts include guidelines on the treatment of shareholders in bail-in or the write-down and conversion of capital instruments, and on the rate of conversion of debt to equity or other securities or obligations in any bail-in. No assurance can be given that, once adopted, these standards will not be detrimental to the rights of a Noteholder under, and the value of a Noteholder's investment in, the Notes.

Noteholders may not be able to exercise their rights in the event of the adoption of any early intervention or resolution measure under Law 11/2015

BBVA and, indirectly, BSF may be subject to a procedure of early intervention or resolution pursuant to the BRRD as implemented through Law 11/2015 and RD 1012/2015 if BBVA or its group of consolidated credit entities is in breach (or due, among other things, to a rapidly deteriorating financial condition, it is likely in the near future to be in breach) of applicable regulatory requirements relating to solvency, liquidity, internal structure or internal controls or the conditions for resolution referred to above are met (see "*The Notes may be subject to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority. Other powers contained in Law 11/2015 could materially affect the rights of the Noteholders under, and the value of, any Notes*").

Pursuant to Law 11/2015 the adoption of any early intervention or resolution procedure shall not itself constitute a default or entitle any counterparty of BSF or BBVA to exercise any rights it may otherwise have in respect thereof and any provision providing for such rights shall further be deemed not to apply. However, this does not limit the ability of a counterparty to exercise its rights accordingly where a default arises either before or after the exercise of any such early intervention or resolution procedure and does not necessarily relate to the exercise of any relevant measure or power which has been applied pursuant to Law 11/2015.

Any enforcement by a Noteholder of its rights under the Notes following the adoption of any early intervention or resolution procedure will, therefore, be subject to the relevant provisions of the BRRD and Law 11/2015 in relation to the exercise of the relevant measures and powers pursuant to such procedure, including the resolution tools and powers referred to above (see "*The Notes may be subject to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority. Other powers contained in Law 11/2015 could materially affect the rights of the Noteholders under, and the value of, any Notes*"). Any claims of a Noteholder will consequently be limited by the application of any measures pursuant to the provisions of Law 11/2015. There can be no assurance that the taking of any such action would not adversely affect the rights of Noteholders, the price or value of their investment in the Notes and/or the ability of BSF and/or BBVA to satisfy their obligations under the Notes and, in the case of BBVA only, the Guarantee and the enforcement by a holder of any rights it may otherwise have may be limited in these circumstances.

Minimum requirement for own funds and eligible liabilities (MREL)

The BRRD prescribes that banks shall hold a minimum level of capital and eligible liabilities in relation to total liabilities (known as MREL). On 3rd July, 2015 the EBA published the final draft technical standard on the criteria for determining MREL. The level of capital and eligible liabilities required under MREL will be set by the resolution authority for each bank (and/or group) based on certain criteria including systemic importance. Eligible liabilities may be senior or subordinated, provided, among other requirements, that they

have a remaining maturity of at least one year and, if governed by a non-EU law, they must be able to be written down or converted under that law (including through contractual provisions).

The MREL requirement will come into force by January 2016. However, the EBA has recognised the impact which this requirement may have on banks' funding structures and costs. Therefore, it has proposed a long phase-in period of 48 months (four years) until 2020.

Additionally, the EBA will submit a report to the European Commission by 21st October, 2016, which reviews the application of MREL and seeks to bring its implementation closer to that of the Total Loss-Absorbing Capacity ratio that was published by the Financial Stability Board in November 2015 and that applies to global systemically important banks.

If the resolution authority finds that there could exist any obstacles to resolvability by BBVA and/or the Group, a higher MREL requirement could be imposed.

Any failure by BBVA and/or the Group to comply with its MREL may have a material adverse effect on BBVA's business, financial conditions and results of operations.

RISKS RELATED TO NOTES GENERALLY

Set out below is a brief description of material risks relating to the Notes generally:

The Issuers may redeem the Notes for tax reasons. This may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return

An optional redemption feature is likely to limit the market value of the Notes. During any period when an Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

An investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate.

Potential investors should consider reinvestment risk in light of other investments available at that time.

Claims of Holders under the Notes are effectively junior to those of certain other creditors

The Notes and the Guarantee in respect of Notes issued by BSF are unsecured and unsubordinated obligations of the Issuers and the Guarantor, respectively. The Notes and the Guarantee will rank equally with any of BSF's and BBVA's other outstanding unsecured and unsubordinated obligations, present and future, but, (a) subject to the exercise of any power pursuant to Law 11/2015, RD 1012/2015 or other applicable laws relating to recovery and resolution of credit institutions and investment firms in Spain and (b) in the event of insolvency, only to the extent permitted by the Insolvency Law or other laws relating to or affecting the enforcement of creditor's rights in Spain. In particular the obligations of the Issuers and the Guarantor under the Notes and the Guarantee, respectively, will be effectively subordinated to all of the relevant Issuer's and, in the case of Notes issued by BSF, the Guarantor's obligations that are preferred under the Insolvency Law. The Guarantee is also structurally subordinated to all obligations of subsidiaries of the Guarantor insofar as any right of the Guarantor to receive any assets of such companies upon their winding up will be effectively subordinated to the claims of the creditors of those companies in the winding up.

The Notes and, in the case of Notes issued by BSF, the Guarantee, will further be effectively subordinated to all of the secured indebtedness of the relevant Issuer and the Guarantor, respectively, to the extent of the value of the assets securing such indebtedness, and other obligations that rank senior under Spanish law. The BRRD and Law 11/2015 contemplate that Notes and, in the case of Notes issued by BSF, the Guarantee, may be subject to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority.

This may involve the variation of the terms of the Notes or a change in their form, if necessary, to give effect to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority. See "*Risks related to Early Intervention and Resolution - The Notes may be subject to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority. Other powers contained in Law 11/2015 could materially affect the rights of the Noteholders under, and the value of, any Notes*".

Spanish Tax Rules

Article 44 of RD 1065/2007 sets out the reporting obligations applicable to preference shares and debt instruments issued under Law 10/2014. The procedures apply to interest deriving from preference shares and debt instruments to which Law 10/2014 refers, including debt instruments issued at a discount for a period equal to or less than twelve months.

According to the literal wording of Article 44.5 of RD 1065/2007 income derived from securities originally registered with the entities that manage clearing systems located outside Spain, and are recognised by Spanish law or by the law of another OECD country (such as the Depository Trust Company (**DTC**), Euroclear or Clearstream, Luxembourg), will be paid free of Spanish withholding tax provided that the Paying Agent appointed by the relevant Issuer submits a statement to the relevant Issuer, the form of which is included in the Agency Agreement, with the following information:

- (i) identification of the securities;
- (ii) payment date;
- (iii) total amount of income paid on the relevant date; and
- (iv) total amount of the income corresponding to each clearing system located outside Spain.

These obligations refer to the total amount paid to investors through each foreign clearing house. For these purposes, "income means interest and the difference, if any, between the aggregate amount payable on the redemption of the Notes and the issue price of the Notes".

In accordance with Article 44 of RD 1065/2007 the relevant Paying Agent should provide the relevant Issuer with the statement on the business day immediately prior to each interest payment date. The statement must reflect the situation at the close of business of that same day. In the event that on such date, the entity(ies) obliged to provide the declaration fail to do so, the relevant Issuer or the Paying Agent on its behalf will make a withholding at the general rate (currently, 19.5 per cent. and 19 per cent. as of 1st January, 2016) on the total amount of the return on the relevant Notes otherwise payable to such entity.

Notwithstanding the foregoing, the Issuers have agreed that in the event withholding tax should be required by law, the relevant Issuer shall pay such additional amounts as would have been received had no such withholding or deduction been required, except as provided in Condition 7 and as otherwise described in this Information Memorandum.

As at the date of this Information Memorandum, BBVA has entered into an agreement with a Tax Certification Agent in order to establish a procedure for the disclosure of information regarding Noteholders who are resident in Spain for tax purposes. Such information will be provided to the Spanish Tax Authorities by BBVA.

General

The procedure described in this Information Memorandum for the provision of information required by Spanish laws and regulations is a summary only and none of the Issuers, the Guarantor or the Dealers, assumes any responsibility therefore. In the event that the currently applicable procedures are modified, amended or supplemented by, among other things, any Spanish law, regulation, interpretation or ruling of the

Spanish tax authorities, the relevant Issuer will notify the Noteholders of such information procedures and their implications, as the relevant Issuer may be required to apply withholding tax on distributions in respect of the relevant securities if the holders do not comply with such information procedures.

Withholding under the EU Savings Directive

Under Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the **Savings Directive**), EU Member States are required to provide to the tax authorities of other EU Member States details of certain payments of interest or similar income paid or secured by a person established in an EU Member State to or for the benefit of an individual resident in another EU Member State or certain limited types of entities established in another EU Member State.

For a transitional period, Austria is instead required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld). The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 10th November 2015, the Council of the European Union adopted a Council Directive repealing the Savings Directive from 1st January 2017 in the case of Austria and from 1st January 2016 in the case of all other EU Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The new regime under Council Directive 2011/16/EU (as amended) is in accordance with the Global Standard released by the Organisation for Economic Co-operation and Development in July 2014. Council Directive 2011/16/EU (as amended) is generally broader in scope than the Savings Directive, although it does not impose withholding taxes.

If a payment were to be made or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any Paying Agent (as defined in the Conditions of the Notes) nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in an EU Member State that is not obliged to withhold or deduct tax pursuant to the Savings Directive.

The value of the Notes could be adversely affected by a change in English law or administrative practice

The Conditions of the Notes are based on English law in effect as at the date of this Information Memorandum. No assurance can be given as to the impact of any possible judicial decision or change to Spanish and English law or administrative practice after the date of this Information Memorandum and any such change could materially adversely impact the value of any Notes affected by it.

Reliance on Euroclear and Clearstream, Luxembourg procedures

The Notes will be represented on issue by a Global Note that will be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Pricing Supplement, investors will not be entitled to receive Notes in definitive form. Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in the Global Note. While the Notes are represented by the Global Note, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg and their respective participants.

While the Notes are represented by one or more Global Notes, the relevant Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The relevant Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Risks related to the market generally

Set out below is a brief description of the material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes

The Notes may have no established trading market when issued, and one may never develop. If an active trading market does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes at a particular time or may not be able to sell their Notes at a favourable price.

Although applications have been made for Notes issued under the Programme to be admitted to the Official List and to trading on the regulated market of the Irish Stock Exchange, there is no assurance that such applications will be accepted, that any particular issue of Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular issue of Notes. The liquidity of any market for the Notes will depend on a number of factors including:

- the number of holders of the Notes;
- BBVA's ratings published by major credit rating agencies;
- BBVA's financial performance;
- the market for similar securities;
- the interest of securities dealers in making a market in the notes; and
- prevailing interest rates.

No assurance can be given that an active market for the Notes will develop or, if developed, that it will continue.

If an investor holds Notes which are not denominated in the investor's home currency, that investor will be exposed to movements in exchange rates adversely affecting the value of its holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes

The Issuers will pay principal and interest on the Notes and the Guarantor will make any payments under the relevant Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's

Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the relevant Issuer or the Guarantor to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of fixed rate Notes may be adversely affected by movements in market interest rates

Investment in fixed rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the fixed rate Notes, this will adversely affect the value of the fixed rate Notes.

Credit ratings assigned to BSF, BBVA or any Notes may not reflect all the risks associated with an investment in those Notes

One or more independent credit rating agencies may assign credit ratings to the Notes (including on an unsolicited basis). The ratings may not reflect the potential impact of all risks related to structure and market of the Notes and additional factors discussed above and do not address the price, if any, at which the Notes may be resold prior to maturity (which may be substantially less than the original offering price of the Notes) and other factors that may affect the value of the Notes. However, real or anticipated changes in BSF's or BBVA's credit ratings will generally affect the market values of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under Regulation (EU) No 1060/2009, as amended (the **CRA Regulation**) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Information Memorandum.

DESCRIPTION OF BBVA SENIOR FINANCE, S.A. UNIPERSONAL

Incorporation

BSF was incorporated on 29th October, 2004 for an unlimited duration with limited liability under Spanish law. BSF's registered office is at Gran Vía, 1, Bilbao, Spain, operating out of Calle Azul, 4, 28050, Madrid, Spain, telephone number +34 91 537 8195. BSF was registered at the Vizcaya Commercial Registry (*Registro Mercantil de Vizcaya*) on 3rd November, 2004, Volume 4483, Book 0, Page 24, Sheet BI-40.901, Inscription 1.

Business

The exclusive objects for which BSF was established are, pursuant to Article 2 of its Bylaws, "the issue of preference securities and/or other financial instruments including any type of debt instrument, for placement in domestic or international markets".

Share Capital

BSF has an authorised share capital of €60,102 divided into 10,017 ordinary shares of a nominal or par value of €6.00 each. As of the date hereof, 10,017 ordinary shares with a par value of €6.00 each had been issued and fully paid up. BSF is a direct wholly-owned subsidiary of BBVA and does not have any subsidiaries of its own.

BSF's sole business is raising debt to be on-lent to BBVA and other members of the Group on an arm's length basis. BSF is accordingly dependent on BBVA and other members of the Group servicing these loans.

Management

The Directors of BSF are as follows:

Name	Position at BSF	Present Principal Occupation Outside BSF
Erik Schotkamp	Director/President	Capital & Funding Management Director of BBVA
Raúl Moreno Carnero	Director	Institutional Funding Manager of BBVA
Esteban Azaceta Álvarez	Director	Manager of BBVA

The business address of the Directors of BSF is Calle Azul, 4, 28050 Madrid. There are no conflicts of interest between the private interests or other duties of the Directors listed above and their duties to BSF.

DESCRIPTION OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

HISTORY AND DEVELOPMENT OF BBVA

BBVA's predecessor bank, BBV, was incorporated as a limited liability company (a *sociedad anónima* or S.A.) under the Spanish Corporations Law on 1st October, 1988. BBVA was formed following the merger of Argentaria into BBV, which was approved by the shareholders of each entity on 18th December, 1999 and registered on 28th January, 2000. It conducts its business under the commercial name "BBVA". BBVA is registered with the Commercial Registry of Vizcaya (Spain). It has its registered office at Plaza de San Nicolás 4, Bilbao, Spain, 48005, and operates out of Calle Azul, 4, 28050, Madrid, Spain, telephone number +34-91-374-6201. BBVA's agent in the U.S. for U.S. federal securities law purposes is Banco Bilbao Vizcaya Argentaria, S.A., New York Branch (1345 Avenue of the Americas, New York, New York 10105 (Telephone: +1-212-728-1660)). BBVA is incorporated for an unlimited term.

CAPITAL EXPENDITURES

BBVA's principal investments are financial investments in its subsidiaries and affiliates. The main capital expenditures in 2015, 2014, 2013 and 2012 were as follows:

2015 and 2014

Acquisition of an additional 14.89 per cent. of Garanti

On 19th November, 2014 BBVA entered into agreements with Doğuş Holding A.Ş. and Ferit Faik Şahenk, Dianne Şahenk and Defne Şahenk, respectively, for, among other things, the acquisition of 62,538,000,000 shares of Garanti (equivalent to 14.89 per cent. of the capital of Garanti) for a maximum total consideration of 8.90 Turkish liras per batch of 100 shares (amounting to a total maximum amount of approximately 5,566 million Turkish liras). This agreement stated that should Doğuş receive a dividend payment out of 2014 earnings before the closing of the transaction, such payment amount would be deducted from the total maximum amount payable by BBVA. The dividend amounting to 0.135 Turkish liras per batch of 100 shares was paid on 27th April 2015 and therefore the total maximum amount paid by BBVA equalled 8.765 Turkish liras per share (amounting to approximately 5,481 million Turkish liras or €1,854 million applying an exchange rate of TL/EUR of TL2,9571/€1).

Completion of the acquisition took place on 27th July 2015 (following receipt of the necessary regulatory consents). After the acquisition of the new shares, BBVA's stake in Garanti now stands at 39.9 per cent.

In accordance with IFRS accounting rules, and pursuant to the agreements entered into, from the date on which BBVA assumed effective control of Garanti, BBVA has to value its stake in Garanti (which was previously classified as a joint venture accounted for using the equity method) at fair value and fully consolidate Garanti in BBVA's consolidated financial statements as from the date on which effective control was assumed.

The estimated negative impact of the above valuation and consolidation in the attributable profit of the consolidated financial statements of the Group will result in a one-off negative impact in the profit attributable to BBVA in the second half of 2015 amounting to approximately €1,800 million. The majority of such amount corresponds to the exchange rate differences as a result of the depreciation of the Turkish lira against euro since the initial acquisition. As at 30th June, 2015, these exchange rate differences are already recognised as Valuation Adjustments deducting the stock shareholder's equity of the Group. Such accounting impact does not translate into any additional cash outflow from BBVA.

As at 30th June, 2015, Garanti and its subsidiaries (the **Garanti Group**) have total assets of over €85,000 million, of which €53,000 million are loans to customers. The Garanti Group has customer deposits of €45,000 million.

Catalunya Banc competitive auction

On 21st July, 2014, the Management Commission of the FROB accepted BBVA's bid in the competitive auction for the acquisition of Catalunya Banc, S.A. (**Catalunya Banc**). BBVA entered into a sale and purchase agreement with the FROB, by virtue of which the FROB will sell up to 100 per cent. of the shares of Catalunya Banc to BBVA for a price of up to €1,187 million (depending on certain adjustments relating to minority shareholders in Catalunya Banc).

On 24th April, 2015, once the relevant administrative authorisations and approvals had been obtained and all agreed conditions had been fulfilled, the acquisition of 1,947,166,809 shares of Catalunya Banc or 98.4 per cent. of Catalunya Banc's share capital took effect for a price of approximately €1,165 million.

As of 30th June, 2015, Catalunya Banc's assets were approximately €44,852 million, of which €20,074 million corresponded to "Loans and advances to customers". "Customer deposits" amounted to €38,455 million.

Catalunya Banc's contribution to the consolidated financial statements, had consolidation taken place at the beginning of 2015, is not material.

As of 30th June, 2015, the difference between the fair values assigned to the assets acquired and the liabilities assumed from Catalunya Banc and the cash payment made to the FROB in consideration of the transaction was €22 million, which was registered under the heading "Negative Goodwill" in BBVA's 2015 Half Year Financial Statements.

Purchase of Simple

On 17th March, 2014, the Group acquired 100 per cent. of Simple Finance Technology Corp. (**Simple**) for a price of \$117 million (approximately €84 million).

2013

Acquisition of Unnim Vida

On 1st February, 2013, Unnim Banc, S.A. reached an agreement with Aegon Spain Holding B.V. to acquire its 50 per cent. stake in Unnim Vida, S.A. de Seguros y Reaseguros (**Unnim Vida**). As a result the Group's total holding in the share capital of Unnim Vida is 100 per cent.

2012

Acquisition of Unnim

On 7th March, 2012, the Management Commission of the FROB accepted BBVA's offer to acquire Unnim Banc, S.A. (**Unnim**). The FROB, the Deposit Guarantee Fund of Credit Institutions (*Fondo de Garantía de Depósitos* or **FGD**) and BBVA entered into a purchase agreement, by virtue of which BBVA acquired 100 per cent. of the shares of Unnim for a purchase price of €1.

In addition, BBVA, the FGD, the FROB and Unnim signed a Protocol of Financial Measures for the restructuring of Unnim, which regulates the Asset Protection Scheme through which the FGD will be responsible for 80 per cent. of the losses incurred by a predetermined asset portfolio of Unnim for a period of 10 years following the transaction.

On 27th July, 2012, following the completion of the transaction, BBVA became the holder of 100 per cent. of the capital of Unnim.

CAPITAL DIVESTITURES

BBVA's principal divestitures are financial divestitures in its subsidiaries and affiliates. The main capital divestitures in 2015, 2014, 2013 and 2012 were as follows:

2015 and 2014

Agreement to sell CNCB

On 23rd January, 2015, BBVA signed an agreement to sell a 4.9 per cent. stake in China CITIC Bank Corporation Limited (**CNCB**) to UBS AG, London Branch (**UBS**), which in turn entered into transactions pursuant to which such stake was transferred to Xinhua Zhongbao Co., Ltd.

The closing took place on 12th March, 2015. The sale price to UBS was HK\$5.73 per share, amounting to a total of HK\$13,136 million (approximately €1,555 million).

In addition, during the six month period ended 30th June, 2015, BBVA sold a further 6.34 per cent. stake in CNCB to the market. The impact of these sales on the consolidated financial statements of the Group was a gain (net of taxes) of approximately €705 million. The gain (gross of taxes) was recognised in BBVA's 2015 Half Year Financial Statements under "Gains (losses) in non-current assets held for sale". For more information, please see Note 49 of BBVA's 2015 Half Year Financial Statements.

As of 30th June, 2015, BBVA held a 3.26 per cent. stake in CNCB. This participation in CNCB was recognised under the heading "Available-for-sale financial assets." See Note 12 to BBVA's 2015 Half Year Financial Statements.

Agreement to sell the participation in Citic International Financial Holding (CIFH)

On 23rd December, 2014, BBVA signed an agreement to sell its 29.68 per cent. stake in Citic International Financial Holdings Limited (**CIFH**) to CNCB. CIFH is a non-listed subsidiary of CNCB domiciled in Hong Kong. The sale price is HK\$8,162 million.

BBVA's participation in CIFH was recognised in BBVA's 2015 Half Year Financial Statements under "Non-current assets held for sale and liabilities associated with non-current assets held for sale" under the heading "*Business sale – Assets*". For more information, please see Note 15 of BBVA's 2015 Half Year Financial Statements.

On 27th August, 2015, BBVA announced the completion of the sale of its stake in CIFH to CNCB. The impact on the attributable profit in the consolidated financial statements of the Group is not significant.

2013

Sale of BBVA Panamá

On 20th July, 2013, BBVA announced that it had reached an agreement with Leasing Bogotá S.A., Panamá, a subsidiary of Grupo Aval Acciones y Valores, S.A., for the sale of BBVA's direct and indirect ownership interest (98.92 per cent.) in Banco Bilbao Vizcaya Argentaria (Panamá), S.A. (**BBVA Panamá**). On 19th December, 2013, after having obtained the necessary approvals, BBVA completed the sale.

The total consideration that BBVA received pursuant to this sale amounted to approximately U.S.\$645 million. BBVA received part of the consideration through the distribution of dividends from BBVA Panamá

prior to the closing of the transaction amounting to U.S.\$140 million (such amount reduced the purchase price to be paid to BBVA on closing).

After deducting such distribution of dividends the capital gain for BBVA, gross of taxes, amounted to approximately €230 million which was recognised under the heading "Gains (losses) in non-current assets held for sale not classified as discontinued operations" in the consolidated income statement in 2013. For additional information, see Note 49.1 to the Consolidated Financial Statements.

Sale of pension businesses in Latin America

On 24th May, 2012, BBVA announced its decision to conduct a study on strategic alternatives for its pension business in Latin America. The alternatives considered in this process included the total or partial sale of the businesses of the Pension Fund Administrators (AFP) in Chile, Colombia and Peru, and the Retirement Fund Administrator (Afore) in Mexico. For additional information, see Note 3 to the Consolidated Financial Statements.

On 2nd October, 2013, with the sale of AFP Provida (as defined below), BBVA finalised this process. Below is a description of each of the transactions that have been carried out during this process:

Sale of AFP Provida (Chile)

On 1st February, 2013, BBVA reached an agreement with MetLife, Inc., for the sale of the 64.3 per cent. stake that BBVA held directly and indirectly in the Chilean pension fund manager Administradora de Fondos de Pensiones Provida S.A. (**AFP Provida**).

On 2nd October, 2013, BBVA completed the sale. The total amount in cash received by BBVA was approximately U.S.\$1,540 million, taking into account the purchase price amounting to roughly U.S.\$1,310 million as well as the dividends paid by AFP Provida since 1st February, 2013 amounting to roughly U.S.\$230 million. The gain on disposal, attributable to the parent company net of taxes, amounted to approximately €500 million which was recognised under the heading "Profit from discontinued operations (net)" in the consolidated income statement in 2013. For additional information, see Note 49.2 to the Consolidated Financial Statements.

Sale of BBVA AFP Horizonte, S.A. (Peru)

On 23rd April, 2013, BBVA sold its wholly-owned Peruvian subsidiary AFP Horizonte, S.A. to AFP Integra S.A. and Profuturo AFP, S.A. who have each acquired 50 per cent. of AFP Horizonte, S.A. The total consideration paid for such shares was approximately U.S.\$544 million. This consideration consisted in a cash payment of approximately U.S.\$516 million and the distribution of a dividend prior to the closing of approximately U.S.\$28 million.

The gain on disposal, attributable to parent company net of taxes, amounted to approximately €206 million at the moment of the sale and such gain was recognised under the heading "Profit from discontinued operations (net)" in the consolidated income statement in 2013. For additional information, see Note 49.2 to the Consolidated Financial Statements.

Sale of BBVA AFP Horizonte S.A. (Colombia)

On 24th December, 2012, BBVA reached an agreement with Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir, S.A., a subsidiary of Grupo Aval Acciones y Valores, S.A., for the sale to the former of the total stake that BBVA held directly or indirectly in the Colombian company BBVA Horizonte Sociedad Administradora de Fondos de Pensiones y Cesantías S.A.

On 18th April, 2013, after having obtained the necessary approvals, BBVA completed the sale. The adjusted total price was U.S.\$541.4 million. The gain on disposal, attributable to BBVA net of taxes, amounted to

approximately €255 million at the time of the sale, and was recognised under the heading "Profit from discontinued operations (net)" in the consolidated income statement in 2013. For additional information, see Note 49.2 to the Consolidated Financial Statements.

Sale of Afore Bancomer (Mexico)

On 27th November, 2012, BBVA reached an agreement to sell to Afore XXI Banorte, S.A. de C.V. its entire stake directly or indirectly held in the Mexican subsidiary Administradora de Fondos para el Retiro Bancomer, S.A. de C.V. Once the corresponding authorisation was obtained from the competent authorities, the sale was closed on 9th January, 2013.

The total sale price was U.S.\$1,735 million (approximately €1,327 million). The gain on disposal, attributable to BBVA net of taxes, was approximately €771 million. For additional information, see Note 49.2 to the Consolidated Financial Statements.

New agreement with CITIC Group

As of 17th October, 2013, BBVA reached a new agreement with the CITIC Group which contemplated the sale of BBVA's 5.1 per cent. stake in CNCB to CITIC Limited for an amount of approximately €944 million. After this sale, the stake of BBVA in CNCB was reduced to 9.9 per cent.

BBVA and the CITIC Group also agreed to adapt their strategic cooperation agreement to the new circumstances by removing the exclusivity obligations that affected the activities of BBVA in China and agreeing to negotiate new areas of cooperation among both banks.

As a result of the changes referred to above, BBVA began accounting for its investment in CNCB as an "Available-for-sale financial asset" as of 1st October, 2013. For additional information, see Note 12 to the Consolidated Financial Statements.

The change in the accounting criteria and the sale referred to above resulted in a loss attributable to the Group at the time of the sale of approximately €2,600 million which was recognised under the heading "Gains (losses) on derecognised assets not classified as non-current assets held for sale" in the consolidated income statement in 2013. For additional information, see Note 48 to the Consolidated Financial Statements.

2012

In June 2012, BBVA reached an agreement to sell its business in Puerto Rico to Oriental Financial Group Inc. The sale price was U.S.\$500 million (approximately €385 million at the exchange rate on the date of the transaction). Gross capital losses from this sale amounted to approximately €15 million (taking into account the exchange rate at the time of the transaction and the earnings of the sold companies up to the closing of the transaction, on 18th December, 2012). For additional information, see Note 48 to the Consolidated Financial Statements.

BUSINESS OVERVIEW

BBVA is a highly diversified international financial group, with strengths in the traditional banking businesses of retail banking, asset management, private banking and wholesale banking. It also has investments in some of Spain's leading companies.

Operating Segments

Set forth below are the Group's current seven operating segments:

- Banking Activity in Spain
- Real Estate Activity in Spain

- Turkey
- Rest of Eurasia
- Mexico
- South America
- United States

In addition to the operating segments referred to above, the Group has a Corporate Center which includes those items that have not been allocated to an operating segment. It includes the Group's general management functions, including: costs from central units that have a strictly corporate function; management of structural exchange rate positions carried out by the Financial Planning unit; specific issuances of capital instruments designed to ensure adequate management of the Group's overall capital position; proprietary portfolios such as holdings in some of Spain's leading companies and their corresponding results; certain tax assets and liabilities; provisions related to commitments with pensioners; and goodwill and other intangibles. It also comprises the following items (i) with respect to 2013, the earnings from the sale of the pension businesses in Mexico, Colombia, Peru and Chile and also the results of these businesses until their sale; the capital gain from the sale of Banco Bilbao Vizcaya Argentaria (Panamá) (**BBVA Panama**); and the impact associated with the reduction of the stake in CNCB (which led to the repricing at market value of BBVA's stake in CNCB, as well as the equity-adjusted results from CNCB, excluding dividends), (ii) with respect to 2012, the bad will generated by the Unnim acquisition, the capital gain from the sale of BBVA Puerto Rico, the results from the pension business in Latin America, and the equity-adjusted results from CNCB (excluding dividends), and (iii) with respect to 2011, the results from the pension business in Latin America and the equity-adjusted results from CNCB (excluding dividends).

The information presented below as of and for the years ended 31st December, 2014, 2013 and 2012 (which is included in the Consolidated Financial Statements) has been recast to reflect BBVA's current operating segments. In addition, the information presented below as of and for the years ended 31st December 2013 and 2012 reflects certain minor reclassifications made in 2014 among BBVA's operating segments, including as a result of the reclassification of BBVA's business in Panama (which was sold in 2013) to the Corporate Center. Consequently such information differs slightly from the segmental information reported in BBVA's prior annual reports on Form 20-F.

The breakdown of the Group's total assets by operating segments as of 31st December, 2014, 2013 and 2012 is as follows:

Total Assets by Operating Segment	As of 31st December		
	2014	2013⁽¹⁾	2012⁽¹⁾
	<i>(in millions of euros)</i>		
Banking Activity in Spain.....	318,353	314,902	345,521
Real Estate Activity in Spain	17,934	20,582	22,112
Turkey ⁽²⁾	22,342	19,453	19,462
Rest of Eurasia	22,325	21,771	28,862
Mexico	93,731	81,801	82,722
South America.....	84,364	77,874	75,877
United States	69,261	53,046	53,880
Subtotal Assets by Operating Segments.....	628,310	589,428	628,436
Corporate Center and other adjustments ⁽³⁾	3,632	(6,732)	(7,304)
Total Assets BBVA Group.....	631,942	582,697	621,132

(1) Reflects certain restatements relating to, among others, the reclassification of the Group's business in Panama (sold in 2013) to the Corporate Center.

(2) The information is presented under management criteria, pursuant to which Garanti's information has been proportionally consolidated based on the Group's 25.01 per cent. interest in Garanti as of the reporting dates.

(3) Other adjustments include adjustments made to account for the fact that, in the Consolidated Financial Statements, Garanti is accounted for using the equity method rather than using the management criteria referred to above. For additional information, see "Item 5. Operating and Financial Review and Prospectus" of the Form 20-F. The following table sets forth information relating to the profit by each of BBVA's operating segments and Corporate Center for the years ended 31st December, 2014, 2013 and 2012.

	Profit/(Loss) Attributable to Parent Company			per cent. of Profit/(Loss) Attributable to Parent Company		
	For the Year Ended December 31,					
	2014	2013 ⁽¹⁾	2012 ⁽¹⁾	2014	2013 ⁽¹⁾	2012 ⁽¹⁾
	<i>(in millions of euros)</i>			<i>(in percentage)</i>		
Banking Activity in Spain.....	1,028	589	1,186	25.3	18.4	143.7
Real Estate Activity in Spain	(876)	(1,252)	(4,068)	(21.6)	(39.1)	(492.8)
Turkey ⁽²⁾	310	264	314	7.6	8.2	38.0
Rest of Eurasia	255	185	90	6.3	5.8	10.9
Mexico	1,915	1,802	1,687	47.1	56.3	204.3
South America.....	1,001	1,224	1,172	24.6	38.2	142.0
United States	428	390	445	10.5	12.2	53.9
Subtotal Operating Segments.....	4,062	3,201	826	100.0	100.0	100.0
Corporate Center	(1,444)	(1,117)	850			
Profit.....	2,618	2,084	1,676			

(1) Reflects certain restatements relating to, among others, the reclassification of the Group's business in Panama (sold in 2013) to the Corporate Center.

(2) The information is presented under management criteria, pursuant to which Garanti information has been proportionally consolidated based on BBVA's 25.01 per cent. interest in Garanti as of the reporting dates.

The following table sets forth information relating to the income of each operating segment for the years ended 31st December, 2014, 2013 and 2012 and reconciles the income statement of the various operating segments to the consolidated income statement of the Group:

	Operating Segments										
	Banking Activity in Spain	Real Estate Activity in Spain	Turkey ⁽¹⁾	Rest of Eurasia	Mexico	South America	United States	Corporate Centre	Total	Adjustments ⁽²⁾	BBVA Group
	<i>(in millions of euros)</i>										
2014											
Net interest income	3,830	(38)	735	189	4,910	4,699	1,443	(651)	15,116	(734)	14,382
Gross income	6,622	(132)	944	736	6,522	5,191	2,137	(664)	21,357	(632)	20,725
Net margin before provisions	3,777	(291)	550	393	4,115	2,875	640	(1,653)	10,406	(240)	10,166
Operating profit/(loss) before tax	1,463	(1,225)	392	320	2,519	1,951	561	(1,920)	4,063	(83)	3,980
Profit	1,028	(876)	310	255	1,915	1,001	428	(1,444)	2,618	-	2,618
2013											
Net interest income	3,838	(3)	713	195	4,478	4,660	1,402	(671)	14,613	(713)	13,900
Gross income	6,103	(38)	929	788	6,194	5,583	2,047	(416)	21,191	(439)	20,752
Net margin before provisions ⁽³⁾	3,088	(188)	522	459	3,865	3,208	618	(1,584)	9,990	(34)	9,956
Operating profit/(loss) before tax	230	(1,838)	339	248	2,358	2,354	534	(1,680)	2,544	(1,589)	954
Profit	589	(1,252)	264	185	1,802	1,224	390	(1,117)	2,084	-	2,084
2012											

Net interest income	4,729	(21)	648	203	4,174	4,236	1,550	(397)	15,122	(648)	14,474
Gross income	6,659	(79)	914	751	5,751	5,308	2,198	391	21,892	(68)	21,824
Net margin before provisions ⁽³⁾	3,776	(209)	519	367	3,590	3,023	722	(681)	11,106	344	11,450
Operating profit/(loss) before tax	1,651	(5,705)	391	117	2,223	2,234	620	(783)	749	833	1,582
Profit	1,186	(4,068)	314	90	1,687	1,172	445	850	1,676	-	1,676

- (1) The information is presented under management criteria, pursuant to which Garanti's information has been proportionally integrated based on BBVA's 25.01 per cent. interest in Garanti as of the reporting dates.
- (2) Other adjustments include adjustments made to account for the fact that, in BBVA's Consolidated Financial Statements, Garanti is accounted for using the equity method rather than using the management criteria referred to above.
- (3) "Net margin before provisions" is calculated as "Gross income" less "Administration costs" and "Depreciation and amortisation"

Banking Activity in Spain

The Banking Activity in Spain operating segment includes all of BBVA's banking and non-banking businesses in Spain, other than those included in the Corporate Center and Real Estate Activity in Spain. The main business units included in this operating segment are:

- **Spanish Retail Network:** including individual customers, private banking, small companies and businesses in the domestic market;
- **Corporate and Business Banking (CBB):** which manages small and medium-sized enterprises (SMEs), companies and corporations, public institutions and developer segments;
- **Corporate and Investment Banking (C&IB):** responsible for business with large corporations and multinational groups and the trading floor and distribution business in Spain; and
- **Other units:** which include the insurance business unit in Spain (BBVA Seguros), and the Asset Management unit, which manages Spanish mutual funds and pension funds.

In addition, it includes certain loans and advances portfolios, finance and structural euro balance sheet positions.

The following table sets forth information relating to the activity of this operating segment for the years ended 31st December, 2014, 2013 and 2012:

	As of 31st December		
	2014	2013	2012
	<i>(in millions of euros)</i>		
Total Assets	318,353	314,902	345,521
Loans and advances to customers	174,197	178,283	193,311
<i>Of which:</i>			
Residential mortgages.....	74,508	77,575	84,602
Consumer finance.....	5,270	6,703	7,663
<i>Loans</i>	3,946	4,962	6,043
<i>Credit cards</i>	1,324	1,741	1,620
Loans to enterprises.....	37,224	37,181	45,148
Loans to public sector.....	22,833	21,694	24,770
Customer deposits	154,261	157,124	146,008
<i>Of which:</i>			

	As of 31st December		
Current and savings accounts	58,645	53,408	47,512
Time deposits.....	62,203	74,451	62,598
Other customer funds.....	17,799	8,436	9,593
Assets under management.....	50,749	42,933	40,156
Mutual funds.....	28,695	22,298	19,116
Pension funds.....	21,880	20,428	18,577
Other placements	174	206	2,463

Loans and advances to customers in this operating segment as of 31st December, 2014 amounted to €174,197 million, a 2.3 per cent. decrease from the €178,283 million recorded as of 31st December, 2013, mainly as a result of the maturities of BBVA's loan portfolio which were not offset by the higher lending activity in the period.

Customer deposits in this operating segment as of 31st December, 2014 amounted to €154,261 million, a 1.8 per cent. decrease from the €157,124 million recorded as of 31st December, 2013, mainly due to the lower remuneration of time deposits that has led to a shift of funds to demand deposits and mutual funds.

Mutual funds in this operating segment as of 31st December, 2014 amounted to €28,695 million, a 28.7 per cent. increase from the €22,298 million as of 31st December, 2013. Pension funds in this operating segment as of 31st December, 2014 amounted to €21,880 million, a 7.1 per cent. increase from the €20,428 million recorded as of 31st December, 2013. These increases were mainly the result of the active marketing of a diversified portfolio of mutual and pension funds to certain customer segments in an environment of low interest rates.

This operating segment's non-performing assets ratio decreased to 6.0 per cent. as of 31st December, 2014, from 6.4 per cent. as of 31st December, 2013, mainly due to lower net additions to non-performing assets. This operating segment non-performing assets coverage ratio increased to 45 per cent. as of 31st December, 2014, from 41 per cent. as of 31st December, 2013.

Real Estate Activity in Spain

This operating segment was set up with the aim of providing specialised and structured management of the real estate assets accumulated by the Group as a result of the economic crisis in Spain. It includes primarily lending to real estate developers and foreclosed real estate assets.

The exposure, including loans and advances to customers and foreclosed assets, to the real estate sector in Spain is declining. As of 31st December, 2014, the balance stood at €12,545 million, 13.9 per cent. lower than as of 31st December, 2013. Non-performing assets of this segment have continued to decline and as of 31st December, 2014 were 16.1 per cent. lower than as of 31st December, 2013. The coverage of non-performing and potential problem loans of this segment increased to 54 per cent. as of 31st December, 2014, compared with 48 per cent. of the total amount of real-estate assets in this operating segment.

The number of real estate assets sold in 2014 was 1.5 per cent. lower than in 2013, although real estate assets sold in 2014 had a higher gross value and average price, resulting in a greater reduction in BBVA's total exposure to the real estate sector.

Turkey

This operating segment reflects BBVA's stake in the Turkish bank Garanti. Following management criteria, assets and liabilities corresponding to BBVA's 25.01 per cent. stake in Garanti are included in every balance sheet line.

The following table sets forth information relating to the business activity of this operating segment for the years ended 31st December, 2014, 2013 and 2012:

	As of 31st December		
	2014	2013	2012
	<i>(in millions of euros)</i>		
Total Assets	22,342	19,453	19,462
Loans and advances to customers	13,635	11,554	11,138
<i>Of which:</i>			
Residential mortgages.....	1,413	1,204	1,174
Consumer finance.....	3,653	3,204	3,214
<i>Loans</i>	2,402	1,976	2,013
<i>Credit cards</i>	1,252	1,228	1,201
Loans to enterprises.....	7,442	6,380	5,821
Loans to public sector.....	-	-	-
Customer deposits	11,626	9,704	9,921
<i>Of which:</i>			
Current and savings accounts.....	2,151	1,726	1,769
Time deposits.....	7,860	6,889	7,253
Other customer funds.....	-	-	-
Assets under management	882	730	848
Mutual funds.....	344	373	498
Pension funds.....	538	357	350
Other placements.....	-	-	-

During 2014, the Turkish lira depreciated against the euro in average terms (from 2.5339 liras/€ in 2013 to 2.9064 liras/€ in 2014). However, there was a year-on-year appreciation of the Turkish lira as of 31st December, 2014 (from 2.9605 liras/€ as of 31st December, 2013 to 2.8320 liras/€ as of 31st December, 2014). The effect of changes in exchange rates was negative for the year-on-year comparison of the Group's income statement and was positive for the year-on-year comparison of the Group's balance sheet (including the information shown above).

Loans and advances to customers in this operating segment as of 31st December, 2014 amounted to €13,635 million, 18 per cent. increase from the €11,554 million recorded as of 31st December, 2013, primarily as a result of the positive evolution of the Garanti loan portfolios, particularly loans to enterprises denominated in Turkish lira, and, to a lesser extent, consumer finance portfolios.

Customer deposits in this operating segment as of 31st December, 2014 amounted to €11,626 million, a 19.8 per cent. increase from the €9.704 million recorded as of 31st December, 2013, primarily as a result of increased volume in foreign currency deposits of Garanti. As a result of this evolution, Garanti reduced its relative exposure to Turkish lira time deposits. In addition, Garanti experienced an increase in money deposits and repos.

Mutual funds in this operating segment as of 31st December, 2014 amounted to €344 million, a 7.8 per cent. decrease from the €373 million recorded as of 31st December, 2013, due to a decrease in Excess Liability Management Account (ELMA) mutual funds.

Pension funds in this operating segment as of 31st December, 2014 amounted to €538 million, a 50.7 per cent. increase from the €357 million recorded as of 31st December, 2013, primarily as a result of public contributions to pension funds. Such contributions were attributable to certain regulatory changes pursuant to which the government must make a contribution in respect of each private contribution made to pension funds.

This operating segment's non-performing asset ratio decreased to 2.8 per cent. as of 31st December, 2014 from 2.7 per cent. as of 31st December, 2013. This operating segment non-performing assets coverage ratio increased to 115.1 per cent. as of 31st December, 2014 from 108.8 per cent. as of 31st December, 2013.

Rest of Eurasia

This operating segment covers the retail and wholesale banking businesses of the Group in Europe (primarily Portugal) and Asia (excluding Spain and Turkey).

The following table sets forth information relating to the business activity of this operating segment for the years ended 31st December, 2014, 2013 and 2012:

	As of 31st December		
	2014	2013	2012
	<i>(in millions of euros)</i>		
Total Assets	22,325	21,771	28,862
Loans and advances to customers	15,795	16,843	19,090
<i>Of which:</i>			
Residential mortgages	2,779	2,952	3,117
Consumer finance	490	779	1,048
<i>Loans</i>	475	767	1,038
<i>Credit cards</i>	15	12	10
Loans to enterprises	11,119	11,598	13,729
Loans to public sector	234	251	102
Customer deposits	11,045	7,931	7,549
<i>Of which:</i>			
Current and savings accounts	3,224	2,659	1,330
Time deposits	7,341	4,704	2,349
Other customer funds	376	463	3,795
Assets under management	466	408	347
Mutual funds	1,357	958	909
Pension funds	314	276	258
Other placements	-	-	-

Loans and advances to customers in this operating segment as of 31st December, 2014 amounted to €15,795 million, a 6.2 per cent. decrease from the €16,843 million recorded as of 31st December, 2013, mainly as a result of reduced retail activity in Portugal and reduced consumer finance and lending activity in wholesale banking.

Customer deposits in this operating segment as of 31st December, 2014 amounted to €11,045 million, a 39.3 per cent. increase from the €7,931 million recorded as of 31st December, 2013, mainly as a result of increased deposits in Europe, principally within the Global Transaction Banking Unit.

Mutual funds in this operating segment as of 31st December, 2014 amounted to €152 million, a 15.2 per cent. increase from the €132 million recorded as of 31st December, 2013, due mainly to the increase in mutual funds in Luxembourg and Portugal.

Pension funds in this operating segment as of 31st December, 2014 amounted to €314 million, a 13.8 per cent. increase from the €276 million recorded as of 31st December, 2013, mainly as a result of increases in Portugal.

This operating segment's non-performing assets ratio decreased to 3.7 per cent. as of 31st December, 2014 from 8 per cent. as of 31st December, 2013. This operating segment non-performing assets coverage ratio increased to 80 per cent. as of 31st December, 2014 from 78 per cent. as of 31st December, 2013.

Mexico

The Mexico operating segment comprises the banking and insurance businesses conducted in Mexico by the BBVA Bancomer financial group.

The following table sets forth information relating to the business activity of this operating segment for the years ended 31st December, 2014, 2013 and 2012:

	As of 31st December		
	2014	2013	2012
	<i>(in millions of euros)</i>		
Total Assets	93,731	81,801	82,722
Loans and advances to customers	46,798	40,668	39,060
<i>Of which:</i>			
Residential mortgages.....	9,272	8,985	9,399
Consumer finance	10,902	10,096	9,785
<i>Loans</i>	5,686	4,748	4,421
<i>Credit cards</i>	5,216	5,348	5,364
Loans to enterprises	16,706	13,867	12,493
Loans to public sector.....	4,295	3,594	3,590
Customer deposits	45,937	42,452	35,792
<i>Of which:</i>			
Current and savings accounts	27,795	24,489	23,707
Time deposits.....	7,382	6,409	7,157
Other customer funds.....	3,914	3,819	3,207
Assets under management	22,094	19,673	19,896
Mutual funds	18,691	16,896	17,492
Other placements	3,403	2,777	2,404

Loans and advances to customers in this operating segment as of 31st December, 2014 amounted to €46,798 million, a 15.1 per cent. increase from the €40,668 million recorded as of 31st December, 2013, mainly due to the increase in financing to medium-sized enterprises and consumer loans.

Customer deposits in this operating segment as of 31st December, 2014 amounted to €45,937 million, a 8.2 per cent. increase from the €42,452 million recorded as of 31st December, 2013, mainly as a result of the increase in demand deposits.

Mutual funds in this operating segment as of 31st December, 2014 amounted to €18,691 million, a 10.6 per cent. increase from the €16,896 million recorded as of 31st December, 2013, mainly as a result of an improvement in corporate banking which was boosted by a marketing campaign.

This operating segment's non-performing assets ratio decreased to 2.9 per cent. as of 31st December, 2014, from 3.6 per cent. as of 31st December, 2013. This operating segment non-performing assets coverage ratio increased to 114 per cent. as of 31st December, 2014, from 110 per cent. as of 31st December, 2013.

South America

The South America operating segment manages the Group's banking and insurance businesses in the region.

The business units included in the South America operating segment are:

- **Retail and Corporate Banking:** includes banks in Argentina, Chile, Colombia, Paraguay, Peru, Uruguay and Venezuela.
- **Insurance businesses:** includes insurance businesses in Argentina, Chile, Colombia, and Venezuela.

The following table sets forth information relating to the business activity of this operating segment for the years ended 31st December, 2014, 2013 and 2012:

	As of 31st December		
	2014	2013	2012
	<i>(in millions of euros)</i>		
Total Assets	84,364	77,874	75,877
Loans and advances to customers	52,920	48,466	47,601
<i>Of which:</i>			
Residential mortgages.....	9,621	8,533	8,464
Consumer finance.....	13,575	13,112	12,598
<i>Loans</i>	9,336	9,441	9,231
<i>Credit cards</i>	4,239	3,670	3,366
Loans to enterprises.....	20,831	18,565	18,851
Loans to public sector.....	650	601	615
Customer deposits	56,370	55,167	52,759
<i>Of which:</i>			
Current and savings accounts.....	37,006	37,639	33,901
Time deposits.....	17,686	15,869	16,440
Other customer funds.....	7,301	5,374	5,467
Assets under management	8,480	6,552	5,698
Mutual funds.....	3,848	2,952	3,355
Pension funds.....	4,632	3,600	3,083

Loans and advances to customers in this operating segment as of 31st December, 2014 amounted to €52,920 million, a 9.2 per cent. increase from the €48,466 million recorded as of 31st December, 2013, mainly due to increased activity, particularly in small business finance and lending to corporates.

Customer deposits in this operating segment as of 31st December, 2014 amounted to €56,370 million, a 2.2 per cent. increase from the €55,167 million recorded as of 31st December, 2013, mainly due to an increase in the balance of current and saving accounts in Venezuela and in time deposits in Chile and Colombia.

Mutual funds in this operating segment as of 31st December, 2014 amounted to €3,848 million, a 30.3 per cent. increase from the €2,952 million recorded as of 31st December, 2013, mainly as a result of the positive performance in Argentina, Chile and Peru.

Pension funds in this operating segment as of 31st December, 2014 amounted to €4,632 million, a 28.7 per cent. increase from the €3,600 million recorded as of 31st December, 2013, mainly as a result of the increased volumes in Bolivia.

This operating segment's non-performing assets ratio was 2.1 per cent. as of 31st December, 2014 and 2013. This operating segment non-performing assets coverage ratio decreased to 138 per cent. as of 31st December, 2014, from 141 per cent. as of 31st December, 2013.

United States

This operating segment encompasses the Group's business in the United States. BBVA Compass accounted for approximately 94 per cent. of the area's balance sheet as of 31st December, 2014. Given its weight, most

of the comments below refer to BBVA Compass. This operating segment also covers the assets and liabilities of the BBVA office in New York, which specialises in transactions with large corporations.

The following table sets forth information relating to the business activity of this operating segment for the years ended 31st December, 2014, 2013 and 2012:

	As of 31st December		
	2014	2013	2012
	<i>(in millions of euros)</i>		
Total Assets	69,261	53,046	53,880
Loans and advances to customers	49,667	38,067	36,885
<i>Of which:</i>			
Residential mortgages.....	11,876	9,591	9,176
Consumer finance.....	5,812	4,464	4,422
<i>Loans</i>	5,291	3,984	3,942
<i>Credit cards</i>	522	481	480
Loans to enterprises.....	25,202	19,427	19,292
Loans to public sector.....	3,706	2,772	1,961
Customer deposits	51,394	39,844	39,132
<i>Of which:</i>			
Current and savings accounts.....	38,438	29,800	29,060
Time deposits.....	8,853	7,300	7,885
Other customer funds.....	2,803	1,348	775

Loans and advances to customers in this operating segment as of 31st December, 2014 amounted to €49,667 million, a 30.5 per cent. increase from the €38,067 million recorded as of 31st December, 2013, as a result of growth in all of the segment's portfolios.

Customer deposits in this operating segment as of 31st December, 2014 amounted to €51,394 million, a 29.0 per cent. increase from the €39,844 million recorded as of 31st December, 2013, mainly due to an increase in the balance of current and saving accounts as a result of the campaigns designed to attract deposits.

This operating segment's non-performing assets ratio decreased to 0.9 per cent. as of 31st December, 2014, from 1.2 per cent. as of 31st December, 2013, as a result of a decrease in non-performing loans and a growth of loans and advances to customers. This operating segment non-performing assets coverage ratio increased to 167 per cent. as of 31st December, 2014, from 134 per cent. as of 31st December, 2013, as a result of the decrease in non-performing assets.

Organisational Structure

As of 31st December, 2014, the Group was made up of 299 consolidated entities and 116 entities accounted for using the equity method.

The companies are principally domiciled in the following countries: Argentina, Belgium, Bolivia, Brazil, Cayman Islands, Chile, Colombia, Ecuador, France, Germany, Ireland, Italy, Luxembourg, Mexico, Netherlands, Netherlands Antilles, Peru, Portugal, Spain, Switzerland, United Kingdom, United States of America, Uruguay and Venezuela. In addition, BBVA has an active presence in Asia.

Below is a simplified organisational chart of BBVA's most significant subsidiaries as of 31st December, 2014.

Subsidiary	Country of Incorporation	Activity	BBVA Voting Power	BBVA Ownership	Total Assets (*)
			<i>(in percentages)</i>		<i>(in millions of euros)</i>
BBVA BANCOMER, S.A. DE C.V.	Mexico	Bank	100.00	99.97	85,940
COMPASS BANK	United States	Bank	100.00	100.00	70,583
BANCO PROVINCIAL S.A. – BANCO UNIVERSAL	Venezuela	Bank	55.21	55.21	21,157
BBVA SEGUROS, S.A. DE SEGUROS Y REASEGUROS	Spain	Insurance	99.95	99.95	18,113
BANCO CONTINENTAL, S.A.	Peru	Bank	46.12	46.12	17,542
BANCO BILBAO VIZCAYA ARGENTARIA CHILE, S.A.	Chile	Bank	68.18	68.18	16,275
BBVA COLOMBIA, S.A.	Colombia	Bank	95.43	95.43	14,592
BBVA BANCO FRANCES, S.A.	Argentina	Bank	75.93	75.93	6,927
BANCO BILBAO VIZCAYA ARGENTARIA (PORTUGAL), S.A.	Portugal	Bank	100.00	100.00	5,203
PENSIONES BANCOMER, S.A. DE C.V.	Mexico	Insurance	100.00	100.00	4,119
SEGUROS BANCOMER, S.A. DE C.V.	Mexico	Insurance	100.00	99.97	3,499
BANCO DEPOSITARIO BBVA, S.A.	Spain	Bank	100.00	100.00	2,709
BANCO BILBAO VIZCAYA ARGENTARIA URUGUAY, S.A.	Uruguay	Bank	100.00	100.00	2,603
BBVA BANCO DE FINANCIACION S.A.	Spain	Bank	100.00	100.00	2,159
BBVA VIDA, S.A. DE SEGUROS Y REASEGUROS	Spain	Insurance	100.00	100.00	2,151

(*) Figures under financial statements of the subsidiary prepared in accordance with the requirements applicable to that subsidiary

Selected Financial Data

The historical financial information set forth below has been selected from, and should be read together with, the Consolidated Financial Statements, which are incorporated by reference herein.

Consolidated statement of income data

	Year ended 31st December		
	2014	2013	2012
	<i>(in millions of euro)</i>		
Net interest income.....	14,382	13,900	14,474
Net profit	3,082	2,836	2,327
Net profit attributable to parent company.....	2,618	2,084	1,676

Consolidated balance sheet data

	As at 31st December		
	2014	2013	2012
	<i>(in millions of euro)</i>		
Total assets	631,942	582,697	621,132
Loans and receivables (net)	372,375	350,945	371,347
Customers' deposits	319,060	300,490	282,795

Debt certificates and subordinated liabilities.....	72,191	74,676	98,070
Non-controlling interests	2,511	2,371	2,372
Total equity.....	51,609	44,565	43,661

RECENT DEVELOPMENTS

In May 2015, BBVA's Board of Directors approved changes to BBVA's organisational structure. The new structure seeks to globally boost results in all franchises, increase the development of digital products and services, transform the business model of each geographic market in which BBVA is present, accelerate within BBVA cultural change towards a more flexible and responsive organisation and add critical competencies in areas which are key to the Group's transformation, such as digital marketing, design of the customer experience, software development and big data.

As part of the organisational changes implemented by BBVA, Carlos Torres Vila was appointed president and chief operating officer. In addition, new units were created to support BBVA's transformation strategy and changes were made to the composition and organisational structure of certain areas of support and control within the Group.

DIRECTORS AND SENIOR MANAGEMENT

BBVA is managed by a Board of Directors which, in accordance with its current by-laws (*Estatutos*), must consist of no less than 5 and no more than 15 members. All members of the Board of Directors are elected to serve three-year terms. BBVA's Board Regulations state that the Board of Directors must try to ensure that there is an ample majority of non-executive directors over the number of executive directors on the Board of Directors.

BBVA's corporate governance system is based on the distribution of functions between the Board of Directors, the Executive Committee and other specialised Board Committees, namely: the Audit and Compliance Committee; the Appointments Committee; the Remuneration Committee; and the Risk Committee. BBVA's Board of Directors is assisted in fulfilling its responsibilities by the Executive Committee (*Comisión Delegada Permanente*) of the Board of Directors. The Executive Committee will be apprised of such business of BBVA as the Board of Directors resolves to confer on it in accordance with prevailing legislation, the Company Bylaws or the Board of Directors Regulations.

Board of Directors

The Board of Directors of BBVA is currently comprised of 15 members. The business address of the Directors of BBVA is Calle Azul, 4, 28050 Madrid.

The following table sets forth the names of the members of the Board of Directors as of the date of this Information Memorandum, their date of appointment and re-election, if applicable, their current positions and their present principal outside occupation and employment history.

BBVA may, from time to time, enter into transactions in the ordinary course of its business, and on an arm's-length basis, with the Directors.

BBVA's Board of Directors Regulations include rules which are designed to prevent situations where a potential conflict of interest may arise. These Regulations provide, among other matters, that Directors with a potential conflict of interest may not participate in meetings at which those situations are being considered. Accordingly, there are no potential conflicts of interest between the private interests or other duties of the Directors and their duties to BBVA.

Name	Current Position	Date Nominated	Date Re-elected	Present Principal Outside Occupation and Employment History(*)
Francisco	Chairman and	28th January,	15th	Chairman and CEO of BBVA, since January

Name	Current Position	Date Nominated	Date Re-elected	Present Principal Outside Occupation and Employment History(*)
González Rodríguez ⁽¹⁾	Chief Executive Officer	2000	March, 2013	2000; Director of Grupo Financiero BBVA Bancomer, S.A. de C.V. and BBVA Bancomer S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer.
Carlos Torres Vila ⁽¹⁾	President and Chief Operating Officer	4th May, 2015	Not applicable	President and Chief Operating Officer of BBVA, since 4th May, 2015. He started at BBVA on September 2008 holding senior management posts such as Head of Digital Banking from March 2014 to May 2015 and BBVA Strategy & Corporate Development Director from January 2009 to March 2014.
Tomás Alfaro Drake ⁽²⁾⁽³⁾⁽⁴⁾	Independent Director	18th March, 2006	14th March, 2014	Chairman of the Appointments Committee of BBVA since 25th May, 2010. Director of Internal Development and Professor in the Finance department of Universidad Francisco de Vitoria.
José Miguel Andrés Torrecillas ⁽²⁾⁽⁵⁾	Independent Director	13th March, 2015	Not applicable	Chairman of the Audit and Compliance Committee of BBVA since 4th May, 2015. Chairman of Ernst & Young Spain from 2004 to 2014, where he has been a partner since 1987 and has also held a series of senior offices, including Director of the Banking Group from 1989 to 2004 and Managing Director of the Audit and Advisory practices at Ernst & Young Italy and Portugal from 2008 to 2013.
Ramón Bustamante y de la Mora ⁽⁴⁾⁽⁵⁾	External Director	28th January, 2000	15th March, 2013	Was Senior Managing Director and Chairman of the Control Committee, Senior Managing Director of Retail Banking and Non-Executive Deputy Chairman of Argentaria and Chairman of Unitaria (1997).
José Antonio Fernández Rivero ⁽³⁾⁽⁵⁾⁽⁶⁾	Independent Director	28th February, 2004	13th March, 2015	Chairman of Risk Committee since 30th March, 2004; in 2001 was appointed Group General Manager until January 2003. Has been the director representing BBVA on the Boards of Telefónica, Iberdrola, and of Banco de Crédito Local, and Chairman of Adquira.
Ignacio Ferrero Jordi ⁽¹⁾⁽⁴⁾	External Director	28th January, 2000	15th March, 2013	Chairman of the Board of Directors of Idilia Foods, S.L., Chairman of the Board of Directors of Grupo Idilia, S.L., and member of the Board of AECOC (Asociación Española de Codificación Comercial).
Belén Garijo López ⁽²⁾	Independent Director	16th March, 2012	13th March, 2015	President and CEO of Merck Serono, Member of the Executive Board and CEO of Merck Healthcare and a Member of the Board of Directors of L'Oréal. Chair of the International Executive Committee of PhRMA, ISEC (Pharmaceutical Research and Manufacturers of America) since 2011.
José Manuel González-Páramo Martínez-	Executive Director	29th May, 2013	14th March, 2014	Executive Director of BBVA since 29th May, 2013. Member of the European Central Bank (ECB) Governing Council and Executive Committee from 2004 to 2012.

Name	Current Position	Date Nominated	Date Re-elected	Present Principal Outside Occupation and Employment History(*)
Murillo				Chairman of European DataWarehouse GmbH since 2013. Head of BBVA's Global Economics, Regulation and Public Affairs.
Carlos Loring Martínez de Irujo ⁽²⁾⁽⁴⁾	Independent Director	28th February, 2004	14th March, 2014	Chairman of the Remuneration Committee of BBVA since May 2010 (former Chairman of the Appointments and Remuneration Committee). Was Partner of J&A Garrigues, from 1977 until 2004.
Lourdes Máiz Carro ⁽²⁾	Independent Director	14th March, 2014	Not applicable	Secretary of the Board of Directors and Director of the Legal Services at Iberia, Líneas Aéreas de España. Joined the Spanish State Counsel Corps (Cuerpo de Abogados del Estado) and from 1992 until 1993 she was Deputy to the Director in the Ministry of Public Administration. From 1993 to 2001 held various positions in the Public Administration.
José Maldonado Ramos ⁽¹⁾⁽³⁾	External Director	28th January, 2000	13th March, 2015	Was appointed Director and General Secretary of BBVA, in January 2000. Took early retirement as Bank executive in December 2009.
José Luis Palao García-Suelto ⁽³⁾⁽⁵⁾	Independent Director	1st February, 2011	14th March, 2014	Senior Partner of the Financial Division in Spain of Arthur Andersen, from 1979 until 2002. Independent consultant from 2002 to 2010.
Juan Pi Llorens ⁽⁴⁾⁽⁵⁾	Independent Director	27th July, 2011	13th March, 2015	Had a professional career at IBM holding various senior posts at a national and international level including Vice President for Sales at IBM Europe, Vice President of Technology & Systems Group at IBM Europe and Vice President of the Finance Services Sector at GMU (Growth Markets Units) in China. He was executive President of IBM Spain.
Susana Rodríguez Vidarte ⁽¹⁾⁽³⁾⁽⁵⁾	External Director	28th May, 2002	14th March, 2014	Holds a Chair in Strategy at the Faculty of Economics and Business Sciences at Universidad de Deusto. Member of Instituto de Contabilidad y Auditoría de Cuentas (Spanish Accountants and Auditors Institute) and Doctor in Economic and Business Sciences from Universidad de Deusto.

(*) Where no date is provided, the position is currently held.

- (1) Member of the Executive Committee
- (2) Member of the Audit and Compliance Committee
- (3) Member of the Appointments Committee
- (4) Member of the Remuneration Committee
- (5) Member of the Risk Committee
- (6) Lead Director

Major Shareholders and Share Capital

As of 14th October, 2015, Blackrock, Inc. confirmed that it held an indirect interest of 5.111 per cent. in BBVA's share capital. As at 30th November, 2015, no other person, corporation or government beneficially owned, directly or indirectly, 5 per cent. or more of BBVA's share capital. BBVA's major shareholders do

not have voting rights which are different from those held by the rest of its shareholders. To the extent known to BBVA, BBVA is not controlled, directly or indirectly, by any other corporation, government or any other natural or legal person. As of 30th November, 2015, there were 931,968 registered holders of BBVA's shares, with an aggregate of 6,366,680,118 shares, of which 638 shareholders with registered addresses in the United States held a total of 1,205,668,164 shares (including shares represented by American Depositary Receipts (**ADRs**)). Since certain of such shares and ADRs are held by nominees, the foregoing figures are not representative of the number of beneficial holders.

Legal Proceedings

Several entities of the Group are party to legal actions in a number of jurisdictions (including, among others, Spain, Mexico and the United States) arising in the ordinary course of business. According to the procedural status of these proceedings and the criteria of legal counsel, BBVA considers that none of such actions is material, individually or in the aggregate, and none is expected to result in a material adverse effect on the Group's financial position, results of operations or liquidity, either individually or in the aggregate. The Group's Management believes that adequate provisions have been made in respect of such legal proceedings and considers that the possible contingencies that may arise from such ongoing lawsuits are not material and therefore do not require disclosure to the markets.

FORM OF THE PRICING SUPPLEMENT

[BBVA Senior Finance, S.A. Unipersonal]/[Banco Bilbao Vizcaya Argentaria, S.A.]

Issue of [] []
[unconditionally and irrevocably guaranteed by
Banco Bilbao Vizcaya Argentaria, S.A.]
under the €10,000,000,000
Euro-Commercial Paper Programme

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Notes described herein. This document constitutes the Pricing Supplement for such Notes and must be read in conjunction with the Information Memorandum dated 18th December, 2015, [as supplemented by the supplement[s] dated [date[s]]] (the **Information Memorandum**).

Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Information Memorandum.

The Information Memorandum has been published on the website of the Irish Stock Exchange.

- | | | |
|-----|---|--|
| 1. | Series Number. | [] |
| 2. | Issued on (Issue Date): | [] |
| 3. | Maturity Date ¹ : | [] |
| 4. | Specified Currency: | [] |
| 5. | Denomination: | [] |
| 6. | Nominal Amount ² :
(words and figures if a Sterling Note) | [] |
| 7. | Early Redemption Amount: | [Redemption at par] [[] per Note of []
[Denomination]][other] |
| 8. | Reference Rate ³ : | [] months LIBOR/EURIBOR |
| 9. | Fixed Interest Rate ⁴ : | []% per annum |
| 10. | Margin ⁵ : | [] % |
| 11. | Net Proceeds: | [] |

¹ Not more than 364 days from (and including) the Issue Date.

² If the proceeds are accepted in the United Kingdom, the Nominal Amount shall be not less than £100,000 (or the equivalent in any other currency).

³ Delete as appropriate. The reference rate will be LIBOR unless the denomination is specified as euro and the Issuer agrees that the reference rate should be EURIBOR.

⁴ Complete for fixed rate interest bearing Notes only.

⁵ Complete for floating rate interest bearing Notes only.

12. Interest Payment Dates⁶: []
13. Day Count Convention:
14. Calculation Agent: []
15. Reference Banks⁷
16. Clearing System(s): [Euroclear, Clearstream Luxembourg, other (specify)]
17. ISIN: []
18. Common Code: []

The information contained in this enclosed section is required only if Notes are to be admitted to trading on a regulated market:-

Form

19. NGN form: [Yes/No]
20. Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation “yes” simply means that the Global Note is intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Global Note will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.][include this text if “yes” selected in which case the Notes must be issued in NGN form]
- [No. Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Global Note is capable of meeting them the Global Note may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Global Note will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

Distribution

21. Method of distribution: [Syndicated/Non-syndicated]
22. Dealer(s): []
23. Additional selling restrictions: [Not Applicable/specify]

⁶ Complete for interest bearing Notes.

⁷ Complete for floating rate interest bearing Notes only.

Listing and Admission to Trading

24. Listing and admission to trading: [Application has been made by the Issuer (or on its behalf) to the [Irish Stock Exchange/other (specify)] for the Notes to be admitted to [the Official List maintained by it and to] trading on its regulated market with effect from []]
25. Estimate of total expenses of admission to trading: €[]

Ratings

26. Ratings: The Issuer has not applied for ratings to be assigned to the Notes. However, ratings allocated to the Programme are as follows:
- [Standard and Poor's Credit Market Services Europe Limited: [●]]
- [Moody's Investors Service España, S.A.: [●]]
- [Fitch Ratings España, S.A.U.: [●]]

Yield

27. Indication of yield [*fixed rate Notes only*]: [] The yield is calculated at the Issue Date on the basis of the issue price. It is not an indication of future yield.

Interests of Natural and Legal Persons involved in the Issue

Save for any fees payable to the relevant Dealer, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer [*amend accordingly if there are material interests*]

Responsibility

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of:
**[BBVA SENIOR FINANCE, S.A.
UNIPERSONAL]/[BANCO BILBAO VIZCAYA
ARGENTARIA, S.A.]**

By:
(*Authorised Signatory*)

FORM OF THE NOTES

Part A - Form of Multi-Currency Global Note

THE SECURITIES REPRESENTED BY THIS GLOBAL NOTE [AND THE GUARANTEE] HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**) OR ANY U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT) UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE AND IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER JURISDICTION. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE SECURITIES OF THE TRANCHE OF WHICH THIS SECURITY FORMS PART.

[**BBVA Senior Finance, S.A. Unipersonal**]/[**Banco Bilbao Vizcaya Argentaria, S.A.**]

[unconditionally and irrevocably guaranteed by

Banco Bilbao Vizcaya Argentaria, S.A.]

1. For value received, [**BBVA Senior Finance, S.A. Unipersonal**]/[**Banco Bilbao Vizcaya Argentaria, S.A.**] (the **Issuer**) promises to pay to the bearer of this Global Note on the Maturity Date set out in the Pricing Supplement attached to or endorsed on this Global Note, which supplements these terms and conditions, or, on such earlier date as the same may become payable in accordance with paragraph 4 below (the **Relevant Date**), the Nominal Amount or, as the case may be, the Early Redemption Amount set out in the Pricing Supplement, together with interest thereon, if this is an interest bearing Global Note, at the rate and at the times (if any) specified herein and in the Pricing Supplement. Words and expressions used in the applicable Pricing Supplement shall have the same meanings where used in these terms and conditions unless the context otherwise requires or unless otherwise stated.

All such payments shall be made in accordance with an issue and paying agency agreement dated 18th December, 2015 (as amended, restated, supplemented or replaced from time to time, the **Agency Agreement**) between, *inter alios*, the Issuer[, the Guarantor (as defined in paragraph 6 below)] and The Bank of New York Mellon, London Branch (the **Issuing and Paying Agent**) a copy of which is available for inspection at the offices of the Issuing and Paying Agent at One Canada Square, Canary Wharf, London E14 5AL, and subject to and in accordance with the terms and conditions set forth below. All such payments shall be made upon presentation and surrender of this Global Note at the offices of the Issuing and Paying Agent by transfer to an account denominated in the Specified Currency maintained by the bearer with a bank in the principal financial centre in the country of that currency or, if this is a Global Note denominated in euro, by transfer to a euro account (or any other account to which euro may be credited or transferred) maintained by the payee with a bank in the principal financial centre of any member state of the European Union. If the applicable Pricing Supplement specifies that new global note (NGN) form is applicable, the Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the ICSDs (as defined below) (which expression in this Global Note means the records that each ICSD holds for its customers which reflect the amount of such customers' interests in the Notes (but excluding any interest in any Notes of one ICSD shown in the records of another ICSD)) and in the case of any payment of principal, and upon any such entry being made, the nominal amount of the Global Note recorded in the records of the ICSD and represented by this Global Note shall be reduced by the aggregate nominal amount of the Notes so redeemed. For the purposes of this

Global Note **ICSD** means either Euroclear Bank S.A./N.V. (**Euroclear**) or Clearstream Banking, société anonyme, Luxembourg (**Clearstream, Luxembourg**). The Issuer will ensure that it maintains a paying agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to European Union Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced to conform to, such Directive

Notwithstanding the foregoing, presentation and surrender of this Global Note shall be made outside the United States and no amount shall be paid by transfer to an account in the United States, or mailed to an address in the United States. In the case of a Global Note denominated in U.S. Dollars, payments shall be made by transfer to an account denominated in U.S. Dollars in the principal financial centre of any country outside of the United States that the Issuer or Issuing and Paying Agent so chooses.

2. The aggregate Nominal Amount of this Global Note shall be the aggregate nominal amount of the Notes represented by it. If the applicable Pricing Supplement specifies that NGN form is not applicable, this shall be the amount specified in the Pricing Supplement or, if the Pricing Supplement specifies that NGN form is applicable, this shall be the amount from time to time entered in the records of the relevant ICSD(s).
3. All payments in respect of this Global Note by or on behalf of the Issuer [or the Guarantor] shall be made without set-off, counterclaim, fees, liabilities or similar deductions and free and clear of, and without deduction or withholding for or on account of, taxes, levies, duties, assessments or charges of any nature (**Taxes**) unless such withholding or deduction is required by law. In the event that any such withholding or deduction is imposed or levied by or on behalf of the Kingdom of Spain or any political subdivision or taxing authority thereof having the power to tax, the Issuer [or, as the case may be, the Guarantor,] shall, to the extent permitted by applicable law or regulation, pay such additional amounts as shall be necessary in order that the net amounts received by the bearer of this Global Note after such deduction or withholding shall equal the amount which would have been receivable hereunder in the absence of such deduction or withholding, except that no such additional amounts shall be payable:
 - (a) to, or to a third party on behalf of, the bearer of this Global Note where such deduction or withholding is required by reason of the bearer having some connection with the jurisdiction imposing the Taxes other than the mere holding of this Global Note; or
 - (b) in respect of any deduction or withholding which would not have been required but for the presentation by the bearer of this Global Note for payment on a date more than 30 days after the Maturity Date (or, as the case may be, the Relevant Date) except to the extent that the bearer would have been entitled to such additional amounts on presenting the same for payment on such thirtieth day; or
 - (c) presented for payment by or on behalf of a holder who would not be liable or subject to the withholding or deduction by making a declaration concerning the nationality, residence or identity of the holder (or providing information, documentation or other evidence of the same) or other similar claim for exemption to the relevant tax authority or to (or on behalf of) the Issuer, where such declaration or claim is required or imposed by the Spanish Tax Authorities; or
 - (d) in case of Notes where such withholding tax is imposed on payments made to individuals with tax residence in the Kingdom of Spain or any political subdivision or taxing authority thereof or therein following the criteria held by the Spanish Tax Authorities in relation to Article 44.5, Royal Decree 1065/2007 of 27th July, as amended by Royal Decree 1145/2011 of 29th July; or

- (e) in respect of any deduction or withholding where such deduction or withholding is imposed on a payment to an individual and is required to be made pursuant to European Union Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (f) presented for payment by or on behalf of a bearer of this Global Note who would have been able to avoid such withholding or deduction by presenting this Global Note to another Issuing and Paying Agent in a member state of the European Union.

4. The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (provided this is not a floating rate interest bearing Global Note) or on any Interest Payment Date (if this is a floating rate interest bearing Global Note), on giving not less than 14 days' notice to the Issuing and Paying Agent and the Noteholders (which notice shall be irrevocable), if:

- (a) the Issuer has or will become obliged to pay additional amounts as provided or referred to in paragraph 3 [or the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts] as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any change in the application or binding official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date; and
- (b) such obligation to pay additional amounts cannot be avoided by the Issuer [or, as the case may be, the Guarantor] taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 14 days prior to the earliest date on which the Issuer [or, as the case may be, the Guarantor] would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer [or, as the case may be, the Guarantor] shall deliver to the Issuing and Paying Agent to make available at its specified office to the Noteholders

- (a) a certificate signed by a duly authorised signatory of the Issuer [or, as the case may be, by a duly authorised signatory of the Guarantor] stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and
- (b) an opinion of independent legal advisers of recognised standing to the effect that the Issuer [or, as the case may be, the Guarantor] has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this paragraph will be redeemed at their Early Redemption Amount specified in the Pricing Supplement together (if appropriate) with interest accrued to (but excluding) the date of redemption.

5. The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer, represent, in the case of each Note, a separate and independent obligation of the Issuer, and rank *pari passu* without any preference among themselves and with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, (a) subject to the exercise of any power pursuant to Law 11/2015 of 18th June on the Recovery and Resolution of Credit Institutions and Investment Firms (*Ley 11/2015 de 18 de junio de Recuperación y Resolución de Entidades de Crédito y Empresas de Servicios de Inversión*) (**Law 11/2015**), Royal Decree 1012/2015 of 6th November (**RD 1012/2015**) or other applicable laws relating to recovery and resolution of credit institutions and investment firms in Spain and (b) in the event of insolvency, only to the extent

permitted by Law 22/2003 (*Ley Concursal*) of 9th July, 2003, as amended, regulating insolvency proceedings in Spain (the **Insolvency Law**) or other applicable laws relating to or affecting the enforcement of creditor's rights in Spain. In the event of insolvency (*concurso*) of the Issuer, under the Insolvency Law, claims relating to Notes (which are not subordinated pursuant to article 92 of the Insolvency Law) will be ordinary credits (*créditos ordinarios*) as defined in the Insolvency Law. Ordinary credits rank below credits against the insolvency state (*créditos contra la masa*) and privileged credits (*créditos privilegiados*) [(including, without limitation, any deposits for the purposes of Additional Provision 14.1^o of Law 11/2015)]* which shall be paid in full before ordinary credits. The claims of all creditors considered to be "ordinary credits" will be satisfied pro rata in insolvency. Ordinary credits rank above subordinated credits and the rights of shareholders.

Pursuant to article 59 of the Insolvency Law, the further accrual of interest shall be suspended from the date of declaration of the insolvency of the Issuer. Claims in respect of interest on the Notes accrued but unpaid as of the commencement of any insolvency procedure in respect of the Issuer shall constitute subordinated claims against the Issuer ranking in accordance with the provisions of article 92 of the Insolvency Law (including, without limitation, after claims on account of principal in respect of contractually subordinated obligations of the Issuer).

6. [This Global Note has the benefit of a guarantee (the **Guarantee**) issued by Banco Bilbao Vizcaya Argentaria, S.A. (the **Guarantor**) on 18th December, 2015, copies of which are available for inspection during normal business hours at the offices of the Issuing and Paying Agent.

The payment of principal and interest in respect of the Notes and any relative Coupons and all amounts due under the Deed of Covenant in respect of the Notes and any relative Coupons has been unconditionally and irrevocably guaranteed (*solidariamente*) by the Guarantor pursuant to the Guarantee.

The obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and rank *pari passu* with all other unsecured and unsubordinated obligations of the Guarantor, present and future, but, (a) subject to the exercise of any power pursuant to Law 11/2015, RD 1012/2015 or other applicable laws relating to recovery and resolution of credit institutions and investment firms in Spain and (b) in the event of insolvency, only to the extent permitted by the Insolvency Law or other applicable laws relating to or affecting the enforcement of creditor's rights in Spain. In the event of insolvency (*concurso*) of the Guarantor, under the Insolvency Law, claims of Noteholders (which are not subordinated pursuant to article 92 of the Insolvency Law) will be ordinary credits (*créditos ordinarios*) as defined in the Insolvency Law. Ordinary credits will rank below credits against the insolvency state (*créditos contra la masa*) and privileged credits (*créditos privilegiados*) (including, without limitation, any deposits for the purposes of Additional Provision 14.1^o of Law 11/2015 which shall be paid in full before ordinary credits. The claims of all creditors against the Guarantor considered as "ordinary credits" will be satisfied pro rata in insolvency. Ordinary credits rank above subordinated credits and the rights of shareholders.

Pursuant to article 59 of the Insolvency Law, the further accrual of interest shall be suspended from the date of declaration of the insolvency of the Guarantor. Claims in respect of interest on the Notes accrued but unpaid as of the commencement of any insolvency procedure in respect of the Guarantor shall constitute subordinated claims against the Guarantor ranking in accordance with the provisions of article 92 of the Insolvency Law (including, without limitation, after claims on account of principal in respect of contractually subordinated obligations of the Guarantor).]

7. If the Maturity Date (or, as the case may be, the Relevant Date) or, if applicable, any relevant Interest Payment Date is not a Payment Business Day (as defined below) payment in respect hereof

* To be included in the case of Notes issued by BBVA only.

will not be made and credit or transfer instructions shall not be given until the next following Payment Business Day (unless that date falls more than 364 days after the Issue Date, in which case payment shall be made on the immediately preceding Payment Business Day) and the bearer of this Global Note shall not be entitled to any interest or other sums in respect of such postponed payment.

As used in this Global Note:

Payment Business Day means any day other than a Saturday or Sunday which is either (i) if the Specified Currency is any currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars, shall be Sydney) or (ii) if the Specified Currency is euro, a day which is a TARGET2 Business Day; and

TARGET2 Business Day means a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (known as TARGET2) System, which utilises a single shared platform and which was launched on 19 November 2007, or any successor thereto, is operating credit or transfer instructions in respect of payments in euro.

8. This Global Note is negotiable and, accordingly, title hereto shall pass by delivery and the bearer shall be treated as being absolutely entitled to receive payment upon due presentation hereof (notwithstanding any notation of ownership or other writing thereon or notice of any previous loss or theft thereof).
9. This Global Note is issued in respect of an issue of Notes of the Issuer and is exchangeable in whole (but not in part only) for duly executed and authenticated bearer Notes in definitive form (whether before, on or, subject as provided below, after the Maturity Date (or, as the case may be, the Relevant Date)):
 - (a) if one or both of Euroclear or Clearstream, Luxembourg or any other relevant clearing system(s) in which this Global Note is held at the relevant time is closed for business for a continuous period of 14 days (other than by reason of public holidays) or if any such clearing system announces an intention to, or does in fact, permanently cease to do so; or
 - (b) if default is made in the payment of any amount payable in respect of this Global Note.

Upon presentation and surrender of this Global Note during normal business hours to the Issuer at the offices of the Issuing and Paying Agent (or to any other person or at any other office outside the United States as may be designated in writing by the Issuer to the bearer), the Issuing and Paying Agent shall authenticate and deliver, in exchange for this Global Note, bearer definitive notes denominated in the Specified Currency, having the Denominations and in an aggregate nominal amount equal to the Nominal Amount within 30 days of the bearer requesting such exchange of this Global Note.

10. If, upon any such default and following such surrender, definitive Notes are not issued in full exchange for this Global Note before 5.00 p.m. (London time) on the thirtieth day after surrender, then each person who is an account holder with Euroclear, Clearstream, Luxembourg or any other relevant clearing system and who has credited to its securities account with the relevant clearing system rights in respect of this Global Note will become entitled to proceed directly against the Issuer on, and subject to, the terms of a Deed of Covenant dated 18th December, 2015, entered into by the Issuer and the bearer will have no further rights under this Global Note (but without prejudice to the rights which the bearer or any other person may have under the Deed of Covenant).
11. If this is an interest bearing Global Note, then:

- (a) notwithstanding the provisions of paragraph 1 above, if any payment of interest in respect of this Global Note falling due for payment prior to the Maturity Date (or, as the case may be, the Relevant Date) remains unpaid on the fifteenth day after falling so due, the amount referred to in paragraph 1 shall be payable on such fifteenth day; and
 - (b) upon each payment of interest (if any) prior to the Maturity Date (or, as the case may be, the Relevant Date) in respect of this Global Note, (i) if the applicable Pricing Supplement specifies that NGN form is not applicable, the Schedule hereto shall be duly completed by the Issuing and Paying Agent to reflect such payment, or (ii) if the applicable Pricing Supplement specifies that NGN form is applicable, the Issuing and Paying Agent shall instruct the relevant ICSD(s) to enter details of such payment in the records of the relevant ICSD(s); and
 - (c) unless otherwise specified in the applicable Pricing Supplement, the final Interest Payment Date shall be the Maturity Date (or, as the case may be, the Relevant Date).
12. If this is a fixed rate interest bearing Global Note, interest shall be calculated on the Nominal Amount as follows:
- (a) interest shall be payable on the Nominal Amount in respect of each successive Interest Period (as defined below) from (and including) the Issue Date to (but excluding) the Maturity Date (or, as the case may be, the Relevant Date) only, in arrear on the relevant Interest Payment Date, on the basis of the Day Count Convention or, if none is specified in the applicable Pricing Supplement, on the basis of the actual number of days in such Interest Period and a year of 360 days or, if this Global Note is denominated in Sterling, 365 days at the Fixed Interest Rate with the resulting figure being rounded to the nearest amount of the Specified Currency which is available as legal tender in the country or countries (in the case of the euro) of the Specified Currency (with halves being rounded upwards); and
 - (b) the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is an **Interest Period** for the purposes of this paragraph.

Any **Day Count Convention** shall have the meaning given to it in the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., as amended, updated or replaced as at the date of this Global Note.

13. If this is a floating rate interest bearing Global Note
- (a) interest shall be calculated on the Nominal Amount as follows:
 - (i) in the case of a Global Note which specifies LIBOR as the Reference Rate in the applicable Pricing Supplement, interest shall be payable on the Nominal Amount in respect of each successive Interest Period (as defined below) from (and including) the Issue Date to (but excluding) the Maturity Date (or, as the case may be, the Relevant Date) only, in arrear on the relevant Interest Payment Date, on the basis of the Day Count Convention or, if none is specified in the applicable Pricing Supplement, on the basis of the actual number of days in such Interest Period, and a year of 360 days or, if this Global Note is denominated in Sterling, 365 days, in each case, at a rate (the **Rate of Interest**) determined on the following basis:
 - (A) on the second business day (which shall be a day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London) before each Interest Period or, if this Global Note is

denominated in euro, on the second TARGET2 Business Day before the beginning of each Interest Period (each the **LIBOR Interest Determination Date**) the Calculation Agent will determine the offered rate for deposits in the Specified Currency in the London interbank market for the Interest Period concerned as at 11.00 a.m. (London time) on the LIBOR Interest Determination Date in question. Such offered rate will be that which appears on the display designated as Reuters page LIBOR01 or Reuters page LIBOR02 (or such other page or service as may replace it for the purpose of displaying London interbank offered rates of major banks for deposits in the Specified Currency for a duration equal to the Interest Period (or approximately equal, where no rate matches the Interest Period)). The Rate of Interest for such Interest Period shall be the Margin (expressed as a percentage rate per annum) above (if a positive number) or below (if a negative number) the rate which so appears, as determined by the Calculation Agent;

- (B) if on any LIBOR Interest Determination Date for any reason such offered rate is unavailable the Calculation Agent will request each of the Reference Banks to provide its offered quotation to leading banks in the London interbank market for deposits in the relevant currency for a duration equal to the Interest Period concerned as at 11.00 a.m. (London time) on the LIBOR Interest Determination Date in question. The Rate of Interest for such Interest Period shall be the Margin (expressed as a percentage rate per annum) above (if a positive number) or below (if a negative number) such quotation (if only one is provided) or the arithmetic mean (rounded, if necessary, up to the nearest four decimal places) of such quotations (if two are so provided), as determined by the Calculation Agent; and

if the Calculation Agent is unable to determine the Rate of Interest for an Interest Period in accordance with (A) or (B) above, the Rate of Interest for such Interest Period shall be the Rate of Interest in effect for the last preceding Interest Period to which (A) or (B) above shall have applied;

- (ii) in the case of a Global Note which specifies EURIBOR as the Reference Rate in the applicable Pricing Supplement, interest shall be payable on the Nominal Amount in respect of each successive Interest Period from (and including) the Issue Date to (but excluding) the Maturity Date (or, as the case may be, the Relevant Date) only, in arrear on the relevant Interest Payment Date, on the basis of the Day Count Convention or, if none is specified in the applicable Pricing Supplement, on the basis of the actual number of days in such Interest Period and a year of 360 days at a rate (the **Rate of Interest**) determined on the following basis:

- (A) on the second TARGET2 Business Day before the beginning of each Interest Period (each the **EURIBOR Interest Determination Date**) the Calculation Agent will determine the European Interbank Offered Rate for deposits in euro for the Interest Period concerned as at 11.00 a.m. (Brussels time) on the EURIBOR Interest Determination Date in question. Such offered rate will be that which appears on the display designated as Reuters page EURIBOR01 (or such other page or service as may replace it for the purpose of displaying Eurozone Interbank Offered Rates of prime banks in the Eurozone (as defined below) for deposits in euro for a duration equal to the Interest Period (or approximately equal, where no rate matches the Interest Period)). The Rate of Interest for such Interest Period shall be the Margin (expressed as a percentage rate per annum) above (if a positive number) or below (if a negative number) the rate which so appears, as determined by the Calculation Agent;

- (B) if on any EURIBOR Interest Determination Date for any reason such offered rate is unavailable the Calculation Agent will request the principal Eurozone office of each

of the Reference Banks to provide its offered quotation to prime banks in the Eurozone interbank market for deposits in euro for a duration equal to the Interest Period (or approximately equal, where no rate matches the Interest Period) concerned as at 11.00 a.m. (Brussels time) on the EURIBOR Interest Determination Date in question. The Rate of Interest for such Interest Period shall be the Margin (expressed as a percentage rate per annum) above (if a positive number) or below (if a negative number) such quotation (if only one is provided) or the arithmetic mean (rounded, if necessary, up to the nearest four decimal places) of such quotations (if two or more are so provided), as determined by the Calculation Agent; and

- (C) if the Calculation Agent is unable to determine the Rate of Interest for an Interest Period in accordance with (A) or (B) above, the Rate of Interest for such Interest Period shall be the Rate of Interest in effect for the last preceding Interest Period to which (A) or (B) above shall have applied;

for the purposes of this Global Note, **Eurozone** means the region comprised of the countries whose lawful currency is the euro; and

- (b) the Calculation Agent will, as soon as practicable after 11.00 a.m. (London time) on each LIBOR Interest Determination Date or 11.00 a.m. (Brussels time) on each EURIBOR Interest Determination Date (as the case may be), determine the Rate of Interest and calculate the amount of interest payable (the **Amount of Interest**) for the relevant Interest Period. The Amount of Interest shall be calculated by applying the Rate of Interest to the Denomination, multiplying such product by the Day Count Convention or, if none is specified in the applicable Pricing Supplement, by the actual number of days in the Interest Period concerned divided by 360 or, if this Global Note is denominated in Sterling, by 365 and rounding the resulting figure to the nearest amount of the Specified Currency which is available as legal tender in the country or countries (in the case of the euro) of the Specified Currency (with halves being rounded upwards). The determination of the Rate of Interest and the Amount of Interest by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties;
- (c) a certificate of the Calculation Agent as to the Rate of Interest payable hereon for any Interest Period shall be conclusive and binding as between the Issuer and the bearer hereof;
- (d) the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is called an **Interest Period** for the purposes of this paragraph; and
- (e) the Issuer will procure that a notice specifying the Rate of Interest payable in respect of each Interest Period be published as soon as practicable after the determination of the Rate of Interest. Such notice will be delivered to Euroclear and/or Clearstream, Luxembourg or, if this Global Note has been exchanged for bearer definitive Notes pursuant to paragraph 9, will be published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*). In addition, for so long as the Notes are listed on the Irish Stock Exchange plc (the **Irish Stock Exchange**), all notices required to be published concerning the Notes shall be published on the website of the Irish Stock or, in lieu of such publication, the Issuer may deliver the relevant notice to the relevant clearing system(s) or publish the notice by any other means acceptable to the Irish Stock Exchange.

14. Instructions for payment of any amounts payable pursuant to paragraph 1 must be received at the offices of the Issuing and Paying Agent together with this Global Note as follows:

- (a) if this Global Note is denominated in Australian dollars, New Zealand dollars, Hong Kong dollars or Japanese Yen, at least two Business Days prior to the relevant payment date;
- (b) if this Global Note is denominated in United States dollars, Canadian dollars or Sterling, on or prior to the relevant payment date; and
- (c) in all other cases, at least one Business Day prior to the relevant payment date.

As used in this paragraph, **Business Day** means:

- (i) a day other than a Saturday or Sunday on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London; and
- (ii) in the case of payments in euro, a TARGET2 Business Day and, in all other cases, a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre in the country of the Specified Currency.

- 15. This Global Note shall not be validly issued unless manually authenticated by The Bank of New York Mellon, London Branch as Issuing and Paying Agent. If the applicable Pricing Supplement specifies that NGN form is applicable, this Global Note shall not be valid for any purpose until it has been effectuated for and on behalf of the entity appointed as common safekeeper by the relevant ICSD(s).
- 16. This Global Note (other than paragraph[s] 5 [and 6]) and any non-contractual obligations arising out of or in connection with this Global Note are governed by, and shall be construed in accordance with, English law. The Notes are issued in accordance with the formalities prescribed by Spanish law.
- 19.
 - (a) *Jurisdiction*: the Issuer agrees for the benefit of the bearer that the courts of England shall have exclusive jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with this Global Note (respectively, **Proceedings and Disputes**) and, for such purposes, irrevocably submits to the jurisdiction of such courts.
 - (b) *Appropriate forum*: The Issuer irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes, and agrees not to claim that any such court is not a convenient or appropriate forum.
 - (c) *Non-exclusivity*: The submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of the bearer to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.
 - (d) *Service of process*: The Issuer agrees that process may be served on it in England at [the London branch of the Guarantor at its registered office for the time being in England] / [its London branch being its registered office for the time being in England], and agrees that, in the event of [the London branch of the Guarantor] / [its London branch] ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

20. Claims for payment of principal and interest (if applicable) in respect of this Global Note shall become void unless made, in the case of principal, within ten years after the Maturity Date (or, as the case may be, the Relevant Date) or, in the case of interest, within five years after the relevant Interest Payment Date.
21. No person shall have any right to enforce any provision of this Global Note under the Contracts (Rights of Third Parties) Act 1999 but this does not affect any right or remedy of any person which exists or is available apart from that Act.
22. If any provision in or obligation under this Global Note is or becomes invalid, illegal or unenforceable in any respect under the law of any jurisdiction, that will not affect or impair (i) the validity, legality or enforceability under the law of that jurisdiction of any other provision in or obligation under this Global Note, and (ii) the validity, legality or enforceability under the law of any other jurisdiction of that or any other provision in or obligation under this Global Note.

AUTHENTICATED by
**THE BANK OF NEW YORK MELLON,
LONDON BRANCH**
without recourse, warranty or liability and for authentication purposes only

Signed on behalf of:
**[BBVA SENIOR FINANCE, S.A.
UNIPERSONAL]/[BANCO BILBAO VIZCAYA
ARGENTARIA, S.A.]**

By:
(Authorised Signatory)

By:
(Authorised Signatory)

EFFECTUATED[†] by or on behalf of
[COMMON SAFE-KEEPER]
as Common Safe-Keeper

By:
(Authorised Signatory)

[†] This should only be completed where the Pricing Supplement indicates that the New Global Note form is applicable.

SCHEDULE

PAYMENTS OF INTEREST

The following payments of interest in respect of this Global Note have been made:

Date Made	Payment From	Payment To	Amount Paid	Notation on behalf of Issuing and Paying Agent
.....
.....
.....
.....
.....

Part B - Form of Multi-Currency Definitive Note

THE SECURITIES REPRESENTED BY THIS NOTE [AND THE GUARANTEE] HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**) OR ANY U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE AND IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER JURISDICTION. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE SECURITIES OF THE TRANCHE OF WHICH THIS SECURITY FORMS PART.

[**BBVA Senior Finance, S.A. Unipersonal**] / [**Banco Bilbao Vizcaya Argentaria, S.A.**]

[unconditionally and irrevocably guaranteed by

Banco Bilbao Vizcaya Argentaria, S.A.]

1. For value received, [**BBVA Senior Finance, S.A. Unipersonal**] / [**Banco Bilbao Vizcaya Argentaria, S.A.**] (the **Issuer**) promises to pay to the bearer of this Note on the Maturity Date set out in the Pricing Supplement attached to or endorsed on this Note, which supplements these terms and conditions, or, on such earlier date as the same may become payable in accordance with paragraph 1 below (the **Relevant Date**), the Nominal Amount or, as the case may be, the Early Redemption Amount set out in the Pricing Supplement, together with interest thereon, if this is an interest bearing Note, at the rate and at the times (if any) specified herein and in the Pricing Supplement. Words and expressions used in the applicable Pricing Supplement shall have the same meanings where used in these terms and conditions unless the context otherwise requires or unless otherwise stated.

All such payments shall be made in accordance with an issue and paying agency agreement dated 18th December, 2015 (as amended, restated, supplemented or replaced from time to time, the **Agency Agreement**) between, *inter alios*, the Issuer[, the Guarantor (as defined in paragraph 5 below)] and The Bank of New York Mellon, London Branch (the **Issuing and Paying Agent**) a copy of which is available for inspection at the offices of the Issuing and Paying Agent at One Canada Square, Canary Wharf, London E14 5AL, and subject to and in accordance with the terms and conditions set forth below. All such payments shall be made upon presentation and surrender of this Note at the offices of the Issuing and Paying Agent by transfer to an account denominated in the Specified Currency maintained by the bearer with a bank in the principal financial centre in the country of that currency or, if this is a Note denominated in euro, by transfer to a euro account (or any other account to which euro may be credited or transferred) maintained by the payee with a bank in the principal financial centre of any member state of the European Union. The Issuer will ensure that it maintains a paying agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to European Union Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced to conform to, such Directive.

2. All payments in respect of this Note by or on behalf of the Issuer [or the Guarantor] shall be made without set-off, counterclaim, fees, liabilities or similar deductions and free and clear of, and without deduction or withholding for or on account of, taxes, levies, duties, assessments or charges of any nature (**Taxes**) unless such withholding or deduction is required by law. In the event that any such withholding or deduction is imposed or levied by or on behalf of the Kingdom of Spain or any political subdivision or taxing authority thereof having the power to tax, the Issuer [or, as the case may be, the Guarantor,] shall, to the extent permitted by applicable law or regulation, pay such

additional amounts as shall be necessary in order that the net amounts received by the bearer of this Note after such deduction or withholding shall equal the amount which would have been receivable hereunder in the absence of such deduction or withholding, except that no such additional amounts shall be payable:

- (a) to, or to a third party on behalf of, the bearer of this Note where such deduction or withholding is required by reason of the bearer having some connection with the jurisdiction imposing the Taxes other than the mere holding of this Note; or
- (b) in respect of any deduction or withholding which would not have been required but for the presentation by the bearer of this Note for payment on a date more than 30 days after the Maturity Date (or, as the case may be, the Relevant Date) except to the extent that the bearer would have been entitled to such additional amounts on presenting the same for payment on such thirtieth day; or
- (c) presented for payment by or on behalf of a holder who would not be liable or subject to the withholding or deduction by making a declaration concerning the nationality, residence or identity of the holder (or providing information, documentation or other evidence of the same) or other similar claim for exemption to the relevant tax authority or to (or on behalf of) the Issuer, where such declaration or claim is required or imposed by the Spanish Tax Authorities; or
- (d) in case of Notes where such withholding tax is imposed on payments made to individuals with tax residence in the Kingdom of Spain or any political subdivision or taxing authority thereof or therein following the criteria held by the Spanish Tax Authorities in relation to Article 44.5, Royal Decree 1065/2007 of 27th July, as amended by Royal Decree 1145/2011 of 29th July; or
- (e) in respect of any deduction or withholding where such deduction or withholding is imposed on a payment to an individual and is required to be made pursuant to European Union Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (f) presented for payment by or on behalf of a bearer of this Note who would have been able to avoid such withholding or deduction by presenting this Note to another Issuing and Paying Agent in a member state of the European Union.

3. The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this is not a floating rate interest bearing Note) or on any Interest Payment Date (this is a floating rate interest bearing Note), on giving not less than 14 days' notice to the Issuing and Paying Agent and the Noteholders (which notice shall be irrevocable), if:

- (a) the Issuer has or will become obliged to pay additional amounts as provided or referred to in paragraph 1 [or the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts] as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any change in the application or binding official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date; and
- (b) such obligation to pay additional amounts cannot be avoided by the Issuer [or, as the case may be, the Guarantor] taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 14 days prior to the earliest date on which the Issuer [or, as the case may be, the Guarantor] would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer [or, as the case may be, the Guarantor] shall deliver to the Issuing and Paying Agent to make available at its specified office to the Noteholders

- (c) a certificate signed by a duly authorised signatory of the Issuer [or, as the case may be, by a duly authorised signatory of the Guarantor] stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred,
- (d) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor] has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this paragraph will be redeemed at their Early Redemption Amount specified in the Pricing Supplement together (if appropriate) with interest accrued to (but excluding) the date of redemption.

4. The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer, represent, in the case of each Note, a separate and independent obligation of the Issuer, and rank *pari passu* without any preference among themselves and with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, (a) subject to the exercise of any power pursuant to Law 11/2015 of 18th June on the Recovery and Resolution of Credit Institutions and Investment Firms (*Ley 11/2015 de 18 de junio de Recuperación y Resolución de Entidades de Crédito y Empresas de Servicios de Inversión*) (**Law 11/2015**), Royal Decree 1012/2015 of 6th November (**RD 1012/2015**) or other applicable laws relating to recovery and resolution of credit institutions and investment firms in Spain and (b) in the event of insolvency, only to the extent permitted by Law 22/2003 (*Ley Concursal*) of 9th July, 2003, as amended, regulating insolvency proceedings in Spain (the **Insolvency Law**) or other applicable laws relating to or affecting the enforcement of creditor's rights in Spain.

In the event of insolvency (*concurso*) of the Issuer under the Insolvency Law, claims relating to Notes (which are not subordinated pursuant to article 92 of the Insolvency Law) will be ordinary credits (*créditos ordinarios*) as defined in the Insolvency Law. Ordinary credits rank below credits against the insolvency state (*créditos contra la masa*) and privileged credits (*créditos privilegiados*) [(including, without limitation, any deposits for the purposes of Additional Provision 14.1^o of Law 11/2015)]^{*} which shall be paid in full before ordinary credits. The claims of all creditors considered to be "ordinary credits" will be satisfied pro rata in insolvency. Ordinary credits rank above subordinated credits and the rights of shareholders.

Pursuant to article 59 of the Insolvency Law, the further accrual of interest shall be suspended from the date of declaration of the insolvency of the Issuer. Claims in respect of interest on the Notes accrued but unpaid as of the commencement of any insolvency procedure in respect of the Issuer shall constitute subordinated claims against the Issuer ranking in accordance with the provisions of article 92 of the Insolvency Law (including, without limitation, after claims on account of principal in respect of contractually subordinated obligations of the Issuer).

^{*} To be included in the case of Notes issued by BBVA only.

5. [This Note has the benefit of a guarantee (the **Guarantee**) issued by Banco Bilbao Vizcaya Argentaria, S.A. (the **Guarantor**) on 18th December, 2015, copies of which are available for inspection during normal business hours at the offices of the Issuing and Paying Agent.

The payment of principal and interest in respect of the Notes and any relative Coupons and all amounts due under the Deed of Covenant in respect of the Notes and any relative Coupons has been unconditionally and irrevocably guaranteed (*solidariamente*) by the Guarantor pursuant to the Guarantee.

The obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and rank *pari passu* with all other unsecured and unsubordinated obligations of the Guarantor, present and future, but, (a) subject to the exercise of any power pursuant to Law 11/2015, RD 1012/2015 or other applicable laws relating to recovery and resolution of credit institutions and investment firms in Spain and (b) in the event of insolvency, only to the extent permitted by the Insolvency Law or other applicable laws relating to or affecting the enforcement of creditor's rights in Spain.

In the event of insolvency (*concurso*) of the Guarantor, under the Insolvency Law claims of Noteholders (which are not subordinated pursuant to article 92 of the Insolvency Law) will be ordinary credits (*créditos ordinarios*) as defined in the Insolvency Law. Ordinary credits will rank below credits against the insolvency state (*créditos contra la masa*) and privileged credits (*créditos privilegiados*) (including, without limitation, any deposits for the purposes of Additional Provision 14.1^o of Law 11/2015) which shall be paid in full before ordinary credits. The claims of all creditors against the Guarantor considered as "ordinary credits" will be satisfied pro rata in insolvency. Ordinary credits rank above subordinated credits and the rights of shareholders.

Pursuant to article 59 of the Insolvency Law, the further accrual of interest shall be suspended from the date of declaration of the insolvency of the Guarantor. Claims in respect of interest on the Notes accrued but unpaid as of the commencement of any insolvency procedure in respect of the Guarantor shall constitute subordinated claims against the Guarantor ranking in accordance with the provisions of article 92 of the Insolvency Law (including, without limitation, after claims on account of principal in respect of contractually subordinated obligations of the Guarantor).]

6. If the Maturity Date (or, as the case may be, the Relevant Date) or, if applicable, any relevant Interest Payment Date is not a Payment Business Day (as defined below) payment in respect hereof will not be made and credit or transfer instructions shall not be given until the next following Payment Business Day (unless that date falls more than 364 days after the Issue Date, in which case payment shall be made on the immediately preceding Payment Business Day) and the bearer of this Note shall not be entitled to any interest or other sums in respect of such postponed payment.

As used in this Note:

Any **Day Count Convention** specified above shall have the meaning given to it in the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., as amended, updated or replaced as at the date of this Note;

Payment Business Day means any day other than a Saturday or Sunday which is both (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the relevant place of presentation, and (B) either (i) if the Specified Currency is any currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars, shall be Sydney) or (ii) if the Specified Currency is euro, a day which is a TARGET2 Business Day; and

TARGET2 Business Day means a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (known as TARGET2) System, which utilises a single shared platform and which was launched on 19 November 2007, or any successor thereto, is operating credit or transfer instructions in respect of payments in euro.

7. This Note is negotiable and, accordingly, title hereto shall pass by delivery and the bearer shall be treated as being absolutely entitled to receive payment upon due presentation hereof (notwithstanding any notation of ownership or other writing thereon or notice of any previous loss or theft thereof).
8. [If this is an interest bearing Note, then:
 - (a) notwithstanding the provisions of paragraph 1 above, if any payment of interest in respect of this Note falling due for payment prior to the Maturity Date (or, as the case may be, the Relevant Date) remains unpaid on the fifteenth day after falling so due, the amount referred to in paragraph 1 shall be payable on such fifteenth day;
 - (b) upon each payment of interest (if any) prior to the Maturity Date (or, as the case may be, the Relevant Date) in respect of this Note, the Schedule hereto shall be duly completed by the Issuing and Paying Agent to reflect such payment; and
 - (c) unless otherwise specified in the applicable Pricing Supplement, the final Interest Payment Date shall be the Maturity Date (or, as the case may be, the Relevant Date).
9. If this is a fixed rate interest bearing Note, interest shall be calculated on the Nominal Amount as follows:
 - (a) interest shall be payable on the Nominal Amount in respect of each successive Interest Period (as defined below) from (and including) the Issue Date to (but excluding) the Maturity Date (or, as the case may be, the Relevant Date) only, in arrear on the relevant Interest Payment Date, on the basis of the Day Count Convention or, if none is specified in the applicable Pricing Supplement, on the basis of the actual number of days in such Interest Period and a year of 360 days at the Fixed Interest Rate with the resulting figure being rounded to the nearest amount of the Specified Currency which is available as legal tender in the country or countries (in the case of the euro) of the Specified Currency (with halves being rounded upwards); and
 - (b) the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is an **Interest Period** for the purposes of this paragraph.
10. If this is a floating rate interest bearing Note,
 - (a) interest shall be calculated on the Nominal Amount as follows:
 - (i) in the case of a Note which specifies LIBOR as the Reference Rate in the applicable Pricing Supplement, interest shall be payable on the Nominal Amount in respect of each successive Interest Period (as defined below) from (and including) the Issue Date to (but excluding) the Maturity Date (or, as the case may be, the Relevant Date) only, in arrear on the relevant Interest Payment Date, on the basis of the Day Count Convention or, if none is specified in the applicable Pricing Supplement, on the basis of the actual number of days in such Interest Period, and a year of 360 days at a rate (the **Rate of Interest**) determined on the following basis:

- (A) on the second business day (which shall be a day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London) before each Interest Period or, if this Note is denominated in euro, on the second TARGET2 Business Day before the beginning of each Interest Period (each the **LIBOR Interest Determination Date**) the Calculation Agent will determine the offered rate for deposits in the Specified Currency in the London interbank market for the Interest Period concerned as at 11.00 a.m. (London time) on the LIBOR Interest Determination Date in question. Such offered rate will be that which appears on the display designated as Reuters page LIBOR01 or Reuters page LIBOR02 (or such other page or service as may replace it for the purpose of displaying London interbank offered rates of major banks for deposits in the Specified Currency for a duration equal to the Interest Period (or approximately equal, where no rate matches the Interest Period)). The Rate of Interest for such Interest Period shall be the Margin (expressed as a percentage rate per annum) above (if a positive number) or below (if a negative number) the rate which so appears, as determined by the Calculation Agent;
 - (B) if on any LIBOR Interest Determination Date for any reason such offered rate is unavailable the Calculation Agent will request each of the Reference Banks to provide its offered quotation to leading banks in the London interbank market for deposits in the relevant currency for a duration equal to the Interest Period concerned as at 11.00 a.m. (London time) on the LIBOR Interest Determination Date in question. The Rate of Interest for such Interest Period shall be the Margin (expressed as a percentage rate per annum) above (if a positive number) or below (if a negative number) such quotation (if only one is provided) or the arithmetic mean (rounded, if necessary, up to the nearest four decimal places) of such quotations (if two are so provided), as determined by the Calculation Agent; and
 - (C) if the Calculation Agent is unable to determine the Rate of Interest for an Interest Period in accordance with (A) or (B) above, the Rate of Interest for such Interest Period shall be the Rate of Interest in effect for the last preceding Interest Period to which (A) or (B) above shall have applied;
- (ii) in the case of a Note which specifies EURIBOR as the Reference Rate in the applicable Pricing Supplement, interest shall be payable on the Nominal Amount in respect of each successive Interest Period from (and including) the Issue Date to (but excluding) the Maturity Date (or, as the case may be, the Relevant Date) only, in arrear on the relevant Interest Payment Date, on the basis of the Day Count Convention or, if none is specified in the applicable Pricing Supplement, on the basis of the actual number of days in such Interest Period and a year of 360 days at a rate (the **Rate of Interest**) determined on the following basis:
- (A) on the second TARGET2 Business Day before the beginning of each Interest Period (each the **EURIBOR Interest Determination Date**) the Calculation Agent will determine the European Interbank Offered Rate for deposits in euro for the Interest Period concerned as at 11.00 a.m. (Brussels time) on the EURIBOR Interest Determination Date in question. Such offered rate will be that which appears on the display designated as Reuters page EURIBOR01 (or such other page or service as may replace it for the purpose of displaying Eurozone Interbank Offered Rates of prime banks in the Eurozone (as defined below) for deposits in euro for a duration equal to the Interest Period (or approximately equal, where no rate matches the

Interest Period)). The Rate of Interest for such Interest Period shall be the Margin (expressed as a percentage rate per annum) above (if a positive number) or below (if a negative number) the rate which so appears, as determined by the Calculation Agent;

- (B) if on any EURIBOR Interest Determination Date for any reason such offered rate is unavailable the Calculation Agent will request the principal Eurozone office of each of the Reference Banks to provide its offered quotation to prime banks in the Eurozone interbank market for deposits in euro for a duration equal to the Interest Period (or approximately equal, where no rate matches the Interest Period) concerned as at 11.00 a.m. (Brussels time) on the EURIBOR Interest Determination Date in question. The Rate of Interest for such Interest Period shall be the Margin (expressed as a percentage rate per annum) above (if a positive number) or below (if a negative number) such quotation (if only one is provided) or the arithmetic mean (rounded, if necessary, up to the nearest four decimal places) of such quotations (if two or more are so provided), as determined by the Calculation Agent; and
- (C) if the Calculation Agent is unable to determine the Rate of Interest for an Interest Period in accordance with (A) or (B) above, the Rate of Interest for such Interest Period shall be the Rate of Interest in effect for the last preceding Interest Period to which (A) or (B) above shall have applied;

for the purposes of this Note, **Eurozone** means the region comprised of the countries whose lawful currency is the euro; and

- (b) the Calculation Agent will, as soon as practicable after 11.00 a.m. (London time) on each LIBOR Interest Determination Date or 11.00 a.m. (Brussels time) on each EURIBOR Interest Determination Date (as the case may be), determine the Rate of Interest and calculate the amount of interest payable (the **Amount of Interest**) for the relevant Interest Period. The Amount of Interest shall be calculated by applying the Rate of Interest to the Denomination, multiplying such product by the Day Count Convention or, if none is specified in the applicable Pricing Supplement, by the actual number of days in the Interest Period concerned divided by 360 and rounding the resulting figure to the nearest amount of the Specified Currency which is available as legal tender in the country or countries (in the case of the euro) of the Specified Currency (with halves being rounded upwards). The determination of the Rate of Interest and the Amount of Interest by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties;
 - (a) a certificate of the Calculation Agent as to the Rate of Interest payable hereon for any Interest Period shall be conclusive and binding as between the Issuer and the bearer hereof;
 - (b) the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is called an **Interest Period** for the purposes of this paragraph; and
 - (c) the Issuer will procure that a notice specifying the Rate of Interest payable in respect of each Interest Period be published as soon as practicable after the determination of the Rate of Interest. Such notice will be delivered to the bearer of this Note or, if that is not practicable, will be published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*). In addition, for so long as the Notes are listed on the Irish Stock Exchange plc (the **Irish Stock Exchange**), all notices required to be published concerning the Notes shall be published on the website of the Irish Stock or, in

lieu of such publication, the Issuer may deliver the relevant notice to the relevant clearing system(s) or publish the notice by any other means acceptable to the Irish Stock Exchange.

11. Instructions for payment of any amounts payable pursuant to paragraph 1 must be received at the offices of the Issuing and Paying Agent together with this Note as follows:
- (a) if this Note is denominated in Australian dollars, New Zealand dollars, Hong Kong dollars or Japanese Yen, at least two Business Days prior to the relevant payment date;
 - (b) if this Note is denominated in United States dollars, Canadian dollars or Sterling, on or prior to the relevant payment date; and
 - (c) in all other cases, at least one Business Day prior to the relevant payment date.

As used in this paragraph, **Business Day** means:

- (i) a day other than a Saturday or Sunday on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London; and
- (ii) in the case of payments in euro, a TARGET2 Business Day and, in all other cases, a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre in the country of the Specified Currency.][†]

12. This Note shall not be validly issued unless manually authenticated by The Bank of New York Mellon, London Branch as issuing and paying agent.
13. This Note (other than paragraph[s] 4 [and 5]) and any non-contractual obligations arising out of or in connection with this Note are governed by, and shall be construed in accordance with, English law. The Notes are issued in accordance with the formalities prescribed by Spanish law.
14. (a) *Jurisdiction*: the Issuer agrees for the benefit of the bearer that the courts of England shall have exclusive jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with this Note (respectively, **Proceedings** and **Disputes**) and, for such purposes, irrevocably submits to the jurisdiction of such courts.
- (b) *Appropriate forum*: The Issuer irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes, and agrees not to claim that any such court is not a convenient or appropriate forum.
- (c) *Non-exclusivity*: The submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of the bearer to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.
- (d) *Service of process*: The Issuer agrees that process may be served on it in England at [the London branch of the Guarantor at its registered office for the time being in England] / [its London branch being its registered office for the time being in England], and agrees that, in

[†] If this Note is denominated in Sterling, delete paragraphs 7 through 10 inclusive and replace with interest provisions to be included on the reverse of the Note as indicated below.

the event of [the London branch of the Guarantor] / [its London branch] ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

15. Claims for payment of principal and interest (if applicable) in respect of this Note shall become void unless made, in the case of principal, within ten years after the Maturity Date (or, as the case may be, the Relevant Date) or, in the case of interest, within five years after the relevant Interest Payment Date.
16. No person shall have any right to enforce any provision of this Note under the Contracts (Rights of Third Parties) Act 1999 but this does not affect any right or remedy of any person which exists or is available apart from that Act.

AUTHENTICATED by
**THE BANK OF NEW YORK MELLON,
LONDON BRANCH**
without recourse, warranty or liability and for
authentication purposes only

By:
(*Authorised Signatory*)

[By:
(*Authorised Signatory*)][‡]

Signed on behalf of:
**[BBVA SENIOR FINANCE, S.A.
UNIPERSONAL]/[BANCO BILBAO VIZCAYA
ARGENTARIA, S.A.]**

By:
(*Authorised Signatory*)

[‡] Include second authentication block if the currency of this Note is Sterling.

[On the Reverse]

[(A) If this is an interest bearing Note, then:

- (a) notwithstanding the provisions of paragraph 1 above, if any payment of interest in respect of this Note falling due for payment prior to the Maturity Date (or, as the case may be, the Relevant Date) remains unpaid on the fifteenth day after falling so due, the amount referred to in part (a) or (b) (as the case may be) of paragraph 1 shall be payable on such fifteenth day; and
- (b) upon each payment of interest (if any) prior to the Maturity Date (or, as the case may be, the Relevant Date) in respect of this Note, the Schedule hereto shall be duly completed by the Issuing and Paying Agent to reflect such payment; and
- (c) unless otherwise specified in the Pricing Supplement, the final Interest Payment Date shall be the Maturity Date (or, as the case may be, the Relevant Date).

(B) If this is a fixed rate interest bearing Note, interest shall be calculated on the Nominal Amount specified in the Pricing Supplement as follows:

- (a) interest shall be payable on the Nominal Amount in respect of each successive Interest Period (as defined below) from (and including) the Issue Date to (but excluding) the Maturity Date (or, as the case may be, the Relevant Date) only, in arrear on the relevant Interest Payment Date, on the basis of the actual number of days in such Interest Period and a year of 365 days at the Interest Rate with the resulting figure being rounded to the nearest penny (with halves being rounded upwards); and
- (b) the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is an "Interest Period" for the purposes of this paragraph (B).

(C) If this is a floating rate interest bearing Note, interest shall be calculated on the Nominal Amount as follows:

- (i) interest shall be payable on the Nominal Amount in respect of each successive Interest Period (as defined below) from (and including) the Issue Date to (but excluding) the Maturity Date (or, as the case may be, the Relevant Date) only, in arrear on the relevant Interest Payment Date, on the basis of the Day Count Convention or, if none is specified in the applicable Pricing Supplement, on the basis of the actual number of days in such Interest Period and a year of 365 days at a rate (the **Rate of Interest**) determined on the following basis:

- (A) on the second business day (which shall be a day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London) before each Interest Period (the **LIBOR Interest Determination Date**) the Calculation Agent will determine the offered rate for deposits in the Specified Currency in the London interbank market for the Interest Period concerned as at 11.00 a.m. (London time) on the LIBOR Interest Determination Date in question. Such offered rate will be that which appears on the display designated as Reuters page LIBOR01 or Reuters page LIBOR02 (or such other page or service as may replace it for the purpose of displaying London interbank offered rates of major banks for deposits in the Specified Currency for a duration equal to the Interest Period (or approximately equal, where no rate

matches the Interest Period)). The Rate of Interest for such Interest Period shall be the Margin (expressed as a percentage rate per annum) above (if a positive number) or below (if a negative number) the rate which so appears, as determined by the Calculation Agent;

- (B) if on any LIBOR Interest Determination Date for any reason such offered rate is unavailable the Calculation Agent will request each of the Reference Banks to provide its offered quotation to leading banks in the London interbank market for deposits in the relevant currency for a duration equal to the Interest Period concerned as at 11.00 a.m. (London time) on the LIBOR Interest Determination Date in question. The Rate of Interest for such Interest Period shall be the Margin (expressed as a percentage rate per annum) above (if a positive number) or below (if a negative number) such quotation (if only one is provided) or the arithmetic mean (rounded, if necessary, up to the nearest four decimal places) of such quotations (if two are so provided), as determined by the Calculation Agent; and
 - (C) if the Calculation Agent is unable to determine the Rate of Interest for an Interest Period in accordance with (A) or (B) above, the Rate of Interest for such Interest Period shall be the Rate of Interest in effect for the last preceding Interest Period to which (A) or (B) above shall have applied;
- (c) the Calculation Agent will, as soon as practicable after 11.00 a.m. (London time) on the LIBOR Interest Determination Date, determine the Rate of Interest and calculate the amount of interest payable (the **Amount of Interest**) for the relevant Interest Period. The Amount of Interest shall be calculated by applying the Rate of Interest to the Nominal Amount of one Note of each denomination, multiplying such product by the actual number of days in the Interest Period concerned divided by 365 and rounding the resulting figure to the nearest penny. The determination of the Rate of Interest and the Amount of Interest by the Calculation Agent named above shall (in the absence of manifest error) be final and binding upon all parties;
- (d) a certificate of the Calculation Agent as to the Rate of Interest payable hereon for any Interest Period shall be conclusive and binding as between the Issuer and the bearer hereof;
- (e) the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is called an **Interest Period** for the purposes of this paragraph (C).]

SCHEDULE

PAYMENTS OF INTEREST

The following payments of interest in respect of this Note have been made:

Date Made	Payment From	Payment To	Amount Paid	Notation on behalf of Issuing and Paying Agent
.....
.....
.....
.....
.....

TAXATION

SPANISH TAXATION

The following summary refers solely to certain Spanish tax consequences of the acquisition, ownership and disposition of the Notes. It does not purport to be a complete analysis of all tax consequences relating to the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which might be subject to special rules. Prospective investors should consult their own tax advisors as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of Spain of acquiring, holding and disposing of Notes and receiving any payments under the Notes. This summary is based upon the law as in effect on the date of this Information Memorandum and is subject to any change in law that may take effect after such date. References in this section to Noteholders include the beneficial owners of the Notes.

Acquisition of the Notes

The issue of, subscription for, transfer and acquisition of the Notes is exempt from Transfer and Stamp Tax (*Impuesto sobre Transmisiones Patrimoniales y Actos Jurídicos Documentados*) and Value Added Tax (*Impuesto sobre el Valor Añadido*).

Taxation on the income and transfer of the Notes

The tax treatment of the acquisition, holding and subsequent transfer of the Notes is summarised below and is based on the tax regime applicable to the Notes pursuant to Royal Legislative Decree 5/2004 of 5th March approving the consolidated text of the Non-Resident Income Tax Law (*Impuesto sobre la Renta de los no Residentes*), as amended by Law 26/2014 of 27th November, Law 27/2014 of 27th November on Corporate Income Tax (*Impuesto sobre Sociedades*), Law 35/2006 of 28th November on Personal Income Tax (*Impuesto sobre la Renta de las Personas Físicas*), as amended by Law 26/2014 of 27th November, Law 19/1991 of 6th June approving the Wealth Tax Law (*Impuesto sobre el Patrimonio*) and Law 29/1987 of 18th December approving the Inheritance and Gift Tax Law (*Impuesto sobre Sucesiones y Donaciones*). The summary below also considers the rules for the implementation of such regulations (Royal Decree 1776/2004 of 30th July approving the Non-Resident Income Tax Regulations as amended by Royal Decree 633/2015 of 10th July, Royal Decree 439/2007 of 30th March, approving the Individuals Income Tax Regulations as amended by Royal Decree 633/2015 of 10th July and Royal Decree 634/2015 of 10th July approving the Corporate Income Tax Regulations).

Consideration has also been given to Spanish legislation on the issuance of preferred securities and debt securities issued by Spanish financial and non-financial listed entities, either directly or through a subsidiary, Law 10/2014 and RD 1065/2007 approving the General Regulations relating to tax inspection and management procedures and developing the common rules of the procedures to apply taxes.

Income obtained by Noteholders who are Non-Resident Income Tax payers in Spain in respect of the Notes

Income obtained by Noteholders who are Non-Resident Income Tax payers, both in respect of interest and in connection with the transfer, repayment or redemption of the Notes, whether or not through a permanent establishment, shall be considered Spanish source income and therefore subject to taxation in Spain under Legislative Royal Decree 5/2004 of 5th March approving the Consolidated Non-Resident Income Tax Law without prejudice to the provisions contained in any applicable tax treaty for the avoidance of double taxation (**DTT**).

Income not obtained through a permanent establishment in Spain in respect of the Notes

Income obtained by Noteholders who are not tax resident in Spain acting for these purposes without a permanent establishment within Spain is exempt from Non-Resident Income Tax subject to the reporting obligations as set out in RD 1065/2007 (see “-Tax Reporting Obligations of the Issuers and the Guarantor”).

Income obtained through a permanent establishment in Spain in respect of the Notes/Corporate Income Tax taxpayers.

The holding of Notes by investors who are not resident for tax purposes in Spain will not in itself create the existence of a permanent establishment in Spain.

Income obtained by non-Spanish resident holders acting through a permanent establishment in Spain in respect of the Notes will be taxed under the rules provided by Chapter III of the Non-Resident Income Tax Law. These Noteholders will be subject to taxation substantially in the same manner as Spanish Corporate Income Tax taxpayers and, therefore, it shall be computed as taxable income in accordance with the general rules set out in the Corporate Income Tax Law and will therefore be taxed at the current rate of 28 per cent., (25 per cent. from 1st January, 2016).

According to RD 1065/2007, the Issuers and the Guarantor are not obliged to withhold any tax amount on income derived from payment of interest, redemption or repayment of the Notes provided that the information procedures (which do not require identification of the Noteholders) are complied with by the Issuing and Paying Agent as it is described in section “Taxation - Tax Reporting Obligations of the Issuers and the Guarantor”.

Income derived from the transfer of the Notes shall not be subject to withholding tax as provided by Section 61(s) of the Corporate Income Tax Regulations, to the extent that the Notes satisfy the requirements laid down by the reply to the Directorate General for Taxation's (*Dirección General de Tributos*) consultation, on 27th July, 2004, indicating that in the case of issuances made by entities with tax residency in Spain (as in the case of each of the Issuers), application of the exemption requires that the Notes be placed outside Spain in another OECD country and traded on organised markets in OECD countries. Notes issued under the Programme are expected to satisfy these requirements.

Individuals with tax residency in Spain

Income obtained by Noteholders who are Personal Income Tax taxpayers, both as interest and in connection with the transfer, redemption or repayment of the Notes, shall be considered income on investments obtained from the assignment of an individual's capital to third parties, as defined in Section 25.2 of Individuals Income Tax Law, and therefore will be taxed as savings income at the applicable rate (currently varying from 19.5 per cent. to 23.5 per cent. and from 19 per cent. to 23 per cent. from 1st January, 2016 onwards).

The above mentioned income will be subject to the corresponding personal income tax withholding at the applicable tax rate (currently 19.5 per cent. and 19 per cent. as of 1st January, 2016). Article 44 of the RD 1065/2007 has established new information procedures for debt instruments issued under the Law 10/2014 (which do not require identification of the Noteholders) and has provided that the interest will be paid by the relevant Issuer to the Issuing and Paying Agent for the whole amount, provided that such information procedures are complied with.

Nevertheless, withholding tax at the applicable rate (currently 19.5 per cent. and 19 per cent. as of 1st January, 2016) may have to be deducted by other entities (such as depositaries or financial entities), provided that such entities are resident for tax purposes in Spain or have a permanent establishment in Spanish territory.

According to RD 1065/2007, the Issuers and the Guarantor are not obliged to withhold any tax amount provided that the information procedures (which do not require identification of the Noteholders) are

complied with by the Issuing and Paying Agent as it is described in section “*Tax Reporting Obligations of the Issuers and the Guarantor*”.

However, regarding the interpretation of the “*Tax Reporting Obligations of the Issuers and the Guarantor*” please refer to “*Risk Factors – Spanish Tax Rules*”.

Wealth Tax

According to Royal Decree-law 13/2011 dated 16th September, 2011, as amended by Law 36/2014, dated 26th December, 2014, individuals with tax residency in Spain are subject to Wealth Tax in the tax year 2015 to the extent that their net worth exceeds €700,000. Therefore, they should take into account the value of the Notes which they hold as at 31st December, 2015.

Individuals resident in a country with which Spain has entered into a double tax treaty in relation to Wealth Tax would generally not be subject to such tax. Otherwise, non-Spanish resident individuals whose properties and rights are located in Spain, or that can be exercised within the Spanish territory, exceed €700,000 would be subject to Wealth Tax at the applicable rates, ranging between 0.2 per cent. and 2.5 per cent., without prejudice to any exemption which may apply.

As a consequence of the European Court of Justice judgment (Case C-127/12), the Net Wealth Tax Law has been amended by Law 26/2014, of 27th November. As a result, Non-Spanish tax resident individuals who are residents in the EU or in the European Economic Area can apply the legislation of the region in which the highest value of the assets and rights of the individuals are located.

Legal entities are not subject to Wealth Tax.

Inheritance and Gift Tax

The transfer of the Notes to individuals by inheritance, legacy or donation shall be subject to the general rules of Inheritance and Gift Tax (*Impuesto sobre Sucesiones y Donaciones*) in accordance with the applicable Spanish and State rules even if title passes outside Spain and neither the heir nor the beneficiary, as the case may be, is resident in Spain for tax purposes, without prejudice to the provisions of any DTT signed by Spain.

The effective tax rate, after applying all relevant factors, ranges between 0 per cent. and 81.6 per cent.

However, a judgment from the European Court of Justice dated 3rd September, 2014 declared that the Spanish Inheritance Tax Act is against the principle of free movement of capital within the EU as Spanish residents are granted tax benefits that, in practice, allow them to pay much lower taxes than non-residents. According to Law 26/2014, of 27th November, it will be possible to apply tax benefits approved in some Spanish regions to EU residents by following certain specific rules.

In the event that the beneficiary is an entity other than a natural person, the income obtained shall be subject to Corporate Income Tax or Non-Resident Income Tax, as the case may be, and without prejudice, in the latter event, to the provisions of any DTT that may apply.

Tax rules for payments made by the Guarantor

Payments which may be made by the Guarantor to holders of Notes issued by BSF, if the Guarantee is enforced, may be subject to the same tax rules previously set out for payments made by the Issuers.

Tax Reporting Obligations of the Issuers and the Guarantor

Article 44 of RD 1065/2007 sets out the reporting obligations applicable to preference shares and debt instruments issued under Law 10/2014. The procedures apply to interest deriving from preference shares and

debt instruments to which Law 10/2014 refers, including debt instruments issued for a period of less than twelve months.

According to the literal wording of Article 44.5 of RD 1065/2007 income derived from securities originally registered with the entities that manage clearing systems located outside Spain, that are recognised by Spanish law or by the law of another OECD country (such as Euroclear or Clearstream, Luxembourg), will be paid free of Spanish withholding tax provided that the Issuing and Paying Agent appointed by the relevant Issuer submits a statement to the relevant Issuer, the form of which is included in the Issue and Paying Agency Agreement, with the following information:

- (i) identification of the securities;
- (ii) payment date;
- (iii) total amount of income paid on the relevant date; and
- (iv) total amount of the income corresponding to each clearing house located outside Spain.

In accordance with Article 44 of RD 1065/2007, the Issuing and Paying Agent should provide the relevant Issuer with the statement on the business day immediately prior to each interest payment date. The statement must reflect the situation at the close of business of that same day. In the event that on the date, the entities obliged to provide the declaration fail to do so, the relevant Issuer or the Issuing and Paying Agent on its behalf will make a withholding at the general rate (currently 19.5 per cent. and 19 per cent. from 1st January, 2016) on the total amount of the return on the relevant Notes otherwise payable to such entity.

Notwithstanding the foregoing, the Issuers have agreed that in the event withholding tax should be required by law, the relevant Issuer shall pay such additional amounts as would have been received had no such withholding or deduction been required, except as provided in the Notes and as otherwise described in this Information Memorandum.

As at the date of this Information Memorandum, BBVA has entered into an agreement with a tax certification agent in order to establish a procedure for the disclosure of information regarding Noteholders who are resident in Spain for tax purposes. Such information will be provided, to the Spanish Tax Authorities by BBVA.

Regarding the interpretation of Article 44 RD 1065/2007 and the simplified information procedures please refer to "*Risk Factors – Spanish Tax Rules*".

THE PROPOSED FINANCIAL TRANSACTIONS TAX (FTT)

On 14th February, 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**).

The Commission's Proposal has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and participating Member States may decide not to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

EU SAVINGS DIRECTIVE

Under the Savings Directive, EU Member States are required to provide to the tax authorities of other EU Member States details of certain payments of interest or similar income paid or secured by a person established in an EU Member State to or for the benefit of an individual resident in another EU Member State or certain limited types of entities established in another EU Member State.

For a transitional period, Austria is instead required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld). The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 10th November, 2015, the Council of the European Union adopted a Council Directive repealing the Savings Directive from 1st January 2017 in the case of Austria and from 1st January 2016 in the case of all other EU Member States (subject to ongoing requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The new regime under Council Directive 2011/16/EU (as amended) is in accordance with the Global Standard released by the Organisation for Economic Co-operation and Development in July 2014. Council Directive 2011/16/EU (as amended) is generally broader in scope than the Savings Directive, although it does not impose withholding taxes.

SUBSCRIPTION AND SALE

The arrangements by which the Dealers or any of them may from time to time agree with an Issuer to purchase or to procure subscribers for Notes issued by such Issuer are set out in an amended and restated dealer agreement dated 18th December, 2015 (as further amended, supplemented or restated from time to time, the **Dealer Agreement**) and made between, *inter alios*, the Issuers and the Dealers.

1. GENERAL

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will observe all applicable laws and regulations in any jurisdiction in which it may offer, sell, or deliver Notes and it will not directly or indirectly offer, sell, resell, re-offer or deliver Notes or distribute the Information Memorandum or any Pricing Supplement, circular, advertisement or other offering material in any country or jurisdiction except under circumstances that will result, to the best of its knowledge and belief, in compliance with all applicable laws and regulations.

2. UNITED STATES OF AMERICA

The Notes and the Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, US persons. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has offered and sold, and will offer and sell, Notes and the Guarantee only outside the United States to non-US persons in accordance with Rule 903 of Regulation S. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that neither it, its affiliates nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts with respect to the Notes and the Guarantee, and that it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Dealer has also agreed, and each further Dealer appointed under the Programme will be required to agree, that, at or prior to confirmation of sale of Notes and the Guarantee, it will have sent to each distributor, dealer or person receiving a selling commission, fee or other remuneration that purchases Notes from it a confirmation or notice to substantially the following effect:

“The securities covered hereby have not been registered under the United States Securities Act of 1933, as amended (the **Securities Act**) and may not be offered or sold within the United States or to, or for the account or benefit of, US persons. Terms used above have the meanings given to them by Regulation S under the Securities Act.”

Terms used in this paragraph have the meanings given to them by Regulation S.

3. THE UNITED KINGDOM

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business, and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by BSF;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not or, in the case of BBVA, would not if BBVA was not an authorised person, apply to BSF or BBVA; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

4. JAPAN

Each Dealer has acknowledged, and each other Dealer appointed under the Programme will be required to acknowledge, that the Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the **FIEA**) and, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

5. SPAIN

Each Dealer has acknowledged and each other Dealer appointed under the Programme will be required to acknowledge that the Notes must not be offered, distributed or sold in Spain in the primary market. No publicity of any kind shall be made in Spain.

GENERAL INFORMATION

Authorisation

The update of the Programme and the issue of Notes have been duly authorised by a resolution of the shareholder's meeting and the Board of Directors of BSF dated 11th December, 2012, and by a resolution of the shareholder's meeting of BBVA dated 13th March, 2015 and a resolution of the Board of Directors of BBVA dated 25th November, 2015. The giving of the Guarantee has been duly authorised by a resolution of the shareholders' meeting of the Guarantor dated 13th March, 2015 and by a resolution of the Board of Directors of the Guarantor dated 25th November, 2015.

Listing of Notes on the Irish Stock Exchange

Applications may, in respect of particular tranches or series of Notes, be made to the Irish Stock Exchange for such Notes to be admitted to the Official List and to trading on the Irish Stock Exchange's regulated market. The Irish Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC (the Markets in Financial Instruments Directive). No Notes may be issued pursuant to the Programme on an unlisted basis.

Use of Proceeds

The net proceeds from each issue of Notes will be used for the Group's general corporate purposes. In accordance with Law 10/2014, the net proceeds from each issuance of Notes by BSF will be deposited on a permanent basis with the Guarantor.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Pricing Supplement.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42, Avenue J.F. Kennedy, L-1855, Luxembourg.

Significant Change

There has been no significant change in the financial or trading position of the Group since 30th September, 2015.

Litigation

There are no, and have not been, any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which BSF or BBVA are aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of any of BSF, BBVA or the Group.

Independent Auditors

The auditors of BSF are Deloitte, S.L. (registered as auditors on the *Registro Oficial Auditores de Cuentas*) who have audited BSF's accounts which have been prepared in accordance with generally accepted accounting principles and practices in Spain for each of the two financial years ended 31st December, 2013 and 31st December, 2014.

The auditors of BBVA are Deloitte, S.L. (registered as auditors on the *Registro Oficial Auditores de Cuentas*) who have audited BBVA's accounts, for each of the two financial years ended 31st December, 2013 and 31st December, 2014 which have been prepared in accordance with EU-IFRS required to be applied under the Bank of Spain's Circular 4/2004 (as amended thereafter) and in compliance with IFRS-IASB.

DETAILS OF PROGRAMME PARTICIPANTS

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