

*REPORT ON THE REMUNERATION POLICY OF
THE BBVA BOARD OF DIRECTORS*

February 2012

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Subject matter

This report is drawn up pursuant to article 61 ter of the Securities Exchange Act and describes the remuneration policy of Banco Bilbao Vizcaya Argentaria, S.A. (henceforth BBVA) for the members of its Board of Directors. It is presented pursuant to the principles of maximum transparency and information regarding the Bank's remuneration. The Bank applies these principles in all its documents providing public information, as established under its Bylaws. It tries to separate out the remuneration of executive directors (ie, directors who have permanent powers of administration, have senior management duties and/or are employees of the Bank or its Group companies) from that of the non-executive directors, who are responsible for collegiate decision-making on the governing bodies.

The report contains a description of the basic principles of the Bank's remuneration policy with respect to executive and non-executive Board members, and a detailed presentation of the different elements comprising their remuneration. It was drawn up on the basis of BBVA's Company Bylaws and Board Regulations.

Likewise, the report includes the basic elements and principles of the Bank's general remuneration policy.

Frame of reference within BBVA corporate governance

The BBVA Board of Directors is conscious of the importance of a good corporate governance system to run the structure and operation of its corporate bodies in the best interests of the Company and its shareholders. One of BBVA's main objectives is to create long-term value. A suitable system of corporate governance is one of the mainstays of such value.

The Bank's Board of Directors is subject to regulations that reflect and develop the principles and elements that shape BBVA's system of corporate governance. These comprise standards for the internal regulations and for the operation of the Board

and its Committees, as well as the rights and obligations of directors in performance of their duties, which are contained in the directors' charter.

The Board Regulations assign exclusive powers to the Board to adopt resolutions on the remuneration of directors and, in the case of executive directors, any additional remuneration for their executive duties and other terms and conditions contained in their contracts.

Shareholders and investors may find the Board Regulations on the Company website (www.bbva.com).

According to best corporate governance practices worldwide, the BBVA board of directors has set up several Committees to help it carry out its mission more efficiently. Below, we include a table with a breakdown of the Committees assisting the Board and the names of their members at year-end 2011:

Full name	Board Committees				
	Executive Committee	Audit & Compliance	Appointments	Remuneration	Risks
Francisco González Rodríguez	•				
Ángel Cano Fernández	•				
Tomás Alfaro Drake		•	•		
Juan Carlos Álvarez Mezquíriz	•		•		
Ramón Bustamante y de la Mora		•			•
José Antonio Fernández Rivero			•		•
Ignacio Ferrero Jordi	•			•	
Carlos Loring Martínez de Irujo		•		•	
José Maldonado Ramos	•		•	•	
Enrique Medina Fernández	•				•
José Luis Palao García-Suelto		•			•
Juan Pi Llorens				•	•
Susana Rodríguez Vidarte		•	•	•	

This system of organisation requires a high number of meetings to be held by both the Board and its Committees, covering a vast body of materials. It thus demands special dedication from the Board and Committee members, including non-executive directors. The amount of work required, along with the responsibility inherent to the post and the rules regarding incompatibilities imposed by the Bank's Board Regulations, constitute the underlying elements of the remuneration scheme for the non-executive directors.

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Remuneration Committee

Among the various Board Committees, this report will focus on the work of the Remuneration Committee as the body assisting the Board on matters relating to remuneration with the powers attributed to it under the Board Regulations. It is charged with overseeing observance of the remuneration policy established by the Company. The Committee will comprise a minimum of three members, to be appointed by the Board of Directors. All the members must be external directors and there must be a majority of independent directors, including the Committee Chair.

The Remuneration Committee comprises five directors, all external, the majority of whom are independent directors. Their names, positions and status are listed below:

Full name	Position	Status
Carlos Loring Martínez de Irujo	Chair	Independent
Ignacio Ferrero Jordi	Member	Independent
José Maldonado Ramos	Member	External
Juan Pi Llorens	Member	Independent
Susana Rodríguez Vidarte	Member	Independent

This Committee meets as often as necessary to comply with its duties, convened by its Chair. During 2011, the Remuneration Committee met 9 times to deal with matters within its remit.

Under the Bank's Board Regulations, the Remuneration Committee will perform the following duties:

- Propose the remuneration system for the Board of Directors as a whole, in accordance with the principles established in the Company Bylaws. This system will deal with the items comprising the system, their amounts and method of payment.

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- Determine the extent and amount of the remuneration, entitlements and other economic rewards for the Chairman & CEO, the President & COO and, where applicable, other executive directors of the Bank, so that these can be reflected in their contracts. The Committee's proposals on such matters will be submitted to the Board of Directors.
- Issue a report on the directors' remuneration policy each year. This will be submitted to the Board of Directors, which will report on this to the Company's Annual General Meeting.
- Propose the remuneration policy for senior management to the Board, and the basic terms and conditions to be contained in their contracts, directly supervising the remuneration of the senior managers responsible for risk management and with compliance functions within the Entity.
- Propose the remuneration policy to the Board for employees whose professional activities may have a significant impact on the Entity's risk profile.
- Oversee observance of the remuneration policy established by the Company and periodically review the remuneration policy applied to executive directors, senior management and employees whose professional activities may have a significant impact on the Entity's risk profile.
- Any other functions that may have been allocated under the Board Regulations or given to the Committee by a Board of Directors resolution.

In the performance of its duties, the Remuneration Committee will consult with the Chairman of the Board and, where applicable, the Company's chief executive officer via the Committee Chair, especially with respect to matters related to executive directors and senior managers.

In accordance with the BBVA Board Regulations, the Remuneration Committee may ask people with knowledge or responsibilities related to its business within the Group to attend its meetings. It may also receive help from external advisors when this is required to establish an informed opinion on issues falling within its scope.

With these duties, the Remuneration Committee plays an essential role with respect to remuneration issues for the Bank's Board of Directors.

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In reaching its decisions on remuneration issues, the Remuneration Committee and the Board of Directors in 2011 have received advice from the in-house BBVA services and information and advice from one of the principal global consultancy firms working on directors' and senior-managers' remuneration, Towers Watson.

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General principles behind the BBVA directors' remuneration policy

BBVA considers that its remuneration system is a key element in creating value. It thus has an advanced remuneration scheme based on the reciprocal generation of value for employees for the Group. This must be aligned with the interests of shareholders and subject to prudent risk management, and uphold the following principles:

- Long-term value creation.
- Reward achievement of results on the basis of prudent, responsible risk bearing.
- Attract and retain the best professionals.
- Reward the level of responsibility and professional track record.
- Ensure equity within the Group and competitiveness outside it.
- Benchmark performance against the market using analyses from prestigious consultancy firms specialising in remuneration.
- Ensure transparency in its remuneration policy.

This remuneration system is constantly adapted to prevailing regulations and to reflect the standards and principles from generally accepted best Spanish and international practices with respect to remuneration and good governance at any time. It has been set up as a dynamic system, constantly evolving and improving.

This has enabled BBVA to have a remuneration aligned with the strictest standards of international corporate governance. This was recognised in a report issued in 2009 by a top-level external consultancy firm with expertise in remuneration policies (MERCER), which described its alignment with the principles published that same year by the Financial Stability Board (FSB)¹ and by the Committee of European

¹ Financial Stability Board Principles for best practices in remuneration, 2nd April 2009.

Bank Supervisors (CEBS)², which stated that BBVA:

- Uses economic profit (also known as economic value added), which reflects the level of risk borne and the cost of capital employed, as its key metric to monitor financial results when determining variable remuneration.
- Includes financial and non-financial indicators that reflect aspects at individual, unit and Group level when measuring performance.
- Assigns higher weighting factors to non-financial indicators for measuring performance of units with control and oversight functions.
- Has a long-term remuneration component based on shares as part of the variable remuneration package.

In December 2010, the EU Parliament and Council adopted Directive 76/2010³ and its guidelines to interpretation⁴ (the CEBS Guidelines), which contain specific rules on remuneration of the collective set of people in financial institutions engaged in professional activities that may have a significant impact on the entity's risk profile or that have oversight and control duties (hereinafter the "**Collective**"). Consequently, in early 2011 the Bank revised its remuneration policy to adapt it to these principles, submitting the corresponding resolutions to the 2011 General Meeting.

The Group's remuneration policy for its entire staff as a whole, therefore now includes the following elements:

- Fixed remuneration based on the level of responsibility, which constitutes a relevant part of total pay, and
- Variable remuneration linked to the achievement of previously established

² Top-level principles for remuneration policies of the Committee of European Banking Supervisors, 20th April 2009.

³ Directive 2010/76/EU, 24th November 2010, amending Directives 2006/48/EC and 2006/49/EC regarding capital requirements for trading portfolios and re-securitisation transactions and oversight of remuneration policies (hereinafter "Directive 76/2010"),

⁴ *Guidelines on Remuneration Policies and Practices*, December 2010, published by the Committee of European Banking Supervisors (CEBS) and adopted fully by the Bank of Spain in December 2011.

targets and prudent risk management. This is based on the design of incentives tailored the Group's long-term interests, taking current and future risks into account.

Within this general framework, BBVA has established some principles that are specifically tailored to the collective group of people engaging in professional activities that may have a significant impact on the Entity's risk profile or perform control or oversight functions, including executive directors and members of senior management. These are summarised below:

- In total remuneration, the fixed and variable components will be duly balanced and the fixed component will be sufficient to allow the variable elements to be designed with flexible policies.
- The staff with control and oversight duties will have a variable remuneration package containing a higher percentage weighting for targets related to their functions. This will foster greater independence from the areas whose business they must supervise.
- The variable remuneration will pursue a balance between the amounts payable in cash and the amount payable in shares or financial instruments.
- The delivery of part of the variable remuneration will be deferred over time, establishing systems to update the deferred parts.
- And clauses will be established to limit or prevent, in certain cases, part of the variable remuneration pending payment from being delivered.

Following the March 2011 General Meeting, Spanish law has incorporated the principles of Directive 76/2010 in its Royal Decree 771/2011⁵, and a further review of the Group's remuneration system was carried out in order to ensure that it was aligned to this measure. This was confirmed in a report drawn up by an independent expert (Garrigues Human Capital) for this purpose in November 2011, at the request of the Bank of Spain. The report states that BBVA has a variable

⁵ Royal Decree 771/2011, 3rd June, amending Royal Decree 216/2008, 15th February, on the shareholders equity of financial entities, and Royal Decree 2606/1996, 20th December, on deposit guarantee funds for credit entities (hereinafter "Royal Decree 771/2011").

remuneration scheme for the Collective that is compatible with a suitable and efficient risk management, and that it includes the following elements:

- **deferral clauses** designed so that a substantial part of the variable remuneration is deferred in view of the economic conditions, the nature of the business, its risks and the activities of each employee;
- **payment in shares** of at least 50% of any variable remuneration element for professionals included in the BBVA Collective;
- application of **ex post adjustments to remuneration**, stemming from clauses that prevent or limit payment of deferred variable remuneration;
- **one-year withholding periods** applicable to shares delivered and;
- **balance** between **variable remuneration** and **fixed remuneration** for members of the Collective.

These elements combine to produce a balanced remuneration system reflecting the Group strategy and its values as well as the interests of its shareholders.

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BBVA Remuneration system

As indicated in this report, BBVA, in application of its remuneration policy principles, has designed a remuneration system for the Group that includes the following elements:

1.- FIXED REMUNERATION

The fixed remuneration in BBVA is established taking into account the level of responsibility and the professional track record of the employee within the Group. A remuneration benchmark is established for each function, reflecting its value to the organisation. This remuneration benchmark is defined by analysing its equivalence and fairness inside the Group and on the market outside. First-level firms specialising in remuneration consultancy provide advice in this definition.

The fixed component will constitute a suitable high percentage of the total remuneration of the employee, allowing maximum flexibility regarding the variable components.

2.- VARIABLE REMUNERATION

The variable remuneration in BBVA continues to be a key element in the Bank's remuneration policy. It rewards the creation of value in the Group through each of the areas and units comprising BBVA, so that overall, it rewards the contributions to recurring value creation from individuals and teams and their combined collective effort.

The variable remuneration in BBVA (hereinafter the "**Annual Variable Remuneration**") comprises the following two core elements: ordinary variable remuneration, applicable to all employees, and a specific reward in shares for the management. Their essential aspects are listed below:

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2.a) Ordinary Variable Remuneration

The BBVA's ordinary variable remuneration model (hereinafter the "**Ordinary Variable Remuneration**") is based on establishing value creation targets for each Unit. These are weighted for the performance of the unit, the performance of the Area to which the Unit belongs and the performance of the Group as a whole. Target delivery determines the variable remuneration payable to the unit's members. The distribution amongst members is based on individual performance.

Units are assigned two types of targets: financial indicators and non-financial indicators in line with each Unit's business.

BBVA considers prudent risk management to be a key factor in its variable remuneration policy. This is why it has established Economic Profit (also known as economic value added) as a principal financial indicator in calculating the Ordinary Variable Remuneration of its entire staff.

Technically speaking, Economic Profit is obtained by taking the recurring Adjusted Profit and subtracting the return on the capital employed in each business divided by the cost of said capital, or the expected rate of return for investors. The Adjusted Profit is not the same as the Book Profit, as economic criteria are used to define it rather than the accounting standards in certain kinds of operations.

Conceptually, Economic Profit is the recurring profit generated over and above market expectations regarding capital yields.

This indicator is also considered by the Guidelines published by the Committee of European Banking Supervisors⁶, which have been adopted by the Bank of Spain, as a suitable measure to evaluate performance, as they incorporate adjustments for current and future risks and the cost of capital employed.

⁶ Ref. Section 96, of the Committee of European Banking Supervisors "*Guidelines on Remuneration Policies and Practices*", 10th December 2010.

BBVA has also established that non-financial elements should carry greater weight than financial indicators in the units with control and oversight functions (Internal Audit, Regulatory Compliance, Global Accounting & Information Management, the Corporate Secretariat, Risks and Human Resources). This is in accordance with Directive 76/2010 and Royal Decree 771/2011 and reinforces the independence of employees engaged in these functions *vis à vis* the areas they oversee.

In this manner, the BBVA's Ordinary Variable Remuneration combines the performance of the financial and non-financial employees with the performance of their Unit, that of the Area to which they belong and that of the Group as a whole. It uses the Group's adjusted recurring Economic Profit as the main financial indicator. This also incorporates present and future risks and mitigates possible volatility stemming from one-off events in any one year.

2.b) Variable remuneration in shares

BBVA considers that in order to best align employees' interests with those of shareholders and encourage the creation of long-term value, it should maintain a system of variable remuneration in shares specifically for the Bank management staff due to their significant impact on the Group's strategy and earnings. This specific variable remuneration is also an essential element in boosting morale and retaining talent amongst this set of BBVA managers.

The system is based on an incentive for the management (hereinafter the **"Management Team Incentive"** or the **"Incentive"**). Each manager is awarded an allocation of units on a yearly basis, which will serve as the benchmark for determining how many shares will be delivered on the settlement date. This number will be associated with the manager's degree of delivery on a set of Group-level indicators, which will be determined annually.

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For 2012, these indicators are related to:

- Total Shareholder Return (TSR). This measures the return on investment for shareholders as the sum of the change in the listed value of the share plus dividends and other similar items during the period under consideration.
- The Group's recurring Economic Profit (EP) without one-offs, which incorporates adjustments for current and future risks (as explained above); and
- The Group's Attributable Profit without one-offs.

The number of units initially allocated will be divided into three parts, each linked to one indicator. The indicators will be weighted and multiplied by coefficients of between 0 and 2 as a function of a scale, which will be defined each year specifically for each of them.

For TSR, the applicable coefficient will always be zero when the Bank is ranked below the median of its peer group. This reinforces alignment of the management's variable remuneration with the shareholders' interests.

The calculation of the number of shares deliverable as the Management Team Incentive will be determined annually. This number of shares will, in general apart from the exception mentioned in section 2.c) below, be subject to the following criteria for retention:

- (i) 40% of the shares received will be freely transferrable by the beneficiaries as of their delivery;
- (ii) 30% of the shares received will become transferrable once a year has elapsed as from the settlement date; and
- (iii) the remaining 30% will be transferrable as of two years after the settlement date.

The Bank is planning to continue with this system of remuneration with shares, based on incentives that are settled annually for each year after 2012. To encourage a focus on long-term earnings it measures TSR over

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several years. The incentives for 2013 and 2014 measure TSR as of 1st January 2012 until the end of each year, and then there can be a rolling three-year measurement of TSR for every year subsequent to 2014.

2.c) New system of settlement and payment of the Annual Variable Remuneration

The Bank has a specific system for the settlement and payment of the Annual Variable Remuneration for the set of people in the financial institutions engaged in professional activities that may have significant impact on the entity's risk profile or that have oversight and control duties, including executive directors and members of the Management Committee. These are adapted to the requirements established in the Directive and in Royal Decree 771/2011. The system works as follows:

- In each of the Annual Variable Remuneration payments, at least 50% of the total will be paid in BBVA shares.
- The payment of 40% of each element in the Annual Variable Remuneration, either in cash or in shares, will be deferred over time. The deferred amount will then be paid by one third a year over the next three years.
- The percentage deferred will be increased for executive directors and senior management up to 50% for each element in the Annual Variable Remuneration.
- The shares paid may not be availed for one year as of the delivery date. This retention will be applicable to the net amount of the shares, having discounted the part needed to settle the payment of taxed on the shares received.
- The shares received as Annual Variable Remuneration may not be used in hedge trades.

The Bank's Board of Directors, at the proposal of the Remuneration Committee, has established that the deferred parts of the Annual Variable Remuneration pending payment under the aforementioned rules, will not be

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paid to member of the Collective when any of the following circumstances arise prior to the payment date:

- i. The beneficiary has not generated the right to Ordinary Variable Remuneration of one year as a consequence of the effect on the year's earnings of transactions recorded to the accounts in previous years before their right to Ordinary Variable Remuneration had been established;
- ii. The beneficiary has been sanctioned for serious breach of the code of conduct and other applicable internal rules, in particular with respect to risks;
- iii. Termination of the contractual relationship, except in the cases of retirement, early retirement, declaration of any degree of permanent disability or death. In such cases, the right to receive the payment will be maintained under the same terms as if the employee had remained in the Group's employ.

If the BBVA Group received negative earnings (reporting losses) one year , without considering the impact of one-off earnings, the beneficiaries will not receive either the Annual Variable Remuneration corresponding to the year the losses were accrued or of the deferred amounts that may be payable in the year in which the annual financial statements reflecting said negative earnings are approved.

In any event, the variable remuneration will only be paid if it is sustainable in the light of the BBVA Group's situation as a whole, and if it can be justified as a function of the Entity's earnings.

Pursuant to the BBVA Group's general policy for the Collective, the parts of the Annual Variable Remuneration that are deferred under the foregoing system will be updated in the terms established by the Board of Directors. This update will always be subject to the same conditions established for the payment of the deferred variable remuneration to which they correspond.

Pursuant to the BBVA variable remuneration policy presented, the Entity's

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Board of Directors will propose the corresponding resolutions regarding the Management Team Incentive for 2012 to the General Meeting.

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General principles informing the BBVA directors' remuneration policy

The remuneration system described above is applied to the entire BBVA staff, adapted to different positions according to their levels of responsibility and professional development. The characteristics of the members of BBVA governing bodies and senior management are taken into account.

Thus, BBVA's remuneration policy for members of the Board of Directors distinguishes between the remuneration of executive directors and non-executive directors.

Remuneration policy for executive directors

The system established to remunerate executive directors rewards their executive duties. It applies remuneration items used worldwide by the big listed international corporations to pay their senior staff.

These items are included in article 50 bis of the BBVA Company Bylaws and correspond with those applicable to its senior management as a whole.

The remuneration policy for executive directors is aligned with the Group's general remuneration policy. It considers various elements, including the following:

- Fixed remuneration, taking into account the level of responsibility the position's duties entail and ensuring this remuneration is competitive with remuneration paid for equivalent posts in the international banks in the main European countries and the USA. The fixed remuneration will comprise a relevant part of the total remuneration.
- Ordinary Variable Remuneration linked to the Group earnings. The amount is subject to achieving specific, quantifiable targets directly aligned with shareholders' interests insofar as they contribute to the generation of value for the Bank.

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Remuneration policy for non-executive directors

The remuneration policy for non-executive directors is based on criteria of responsibility, dedication and incompatibilities inherent in the job they perform, and comprises the following elements:

- Annual remuneration for occupying a seat on the Board and another for belonging to the different Board Committees. Greater weighting is applied to chairing committees, and the relative nature of the duties of each Committee is also weighted.
- A scheme for deferred delivery of shares. Beneficiaries are allocated a number of theoretical shares to be delivered to them, where applicable, on the date on which they leave the Board for any cause other than dereliction of duties. This scheme is in line with best international practices in corporate governance.

Under agenda item 7.2, it has been proposed to the General Meeting that a new article 33 bis be included in the Company Bylaws, regulating the remuneration system of Bank directors of this kind, excluding executive directors, which would replace the system established under the current article 53 of the Bank's Bylaws.

Remuneration system for executive BBVA directors

As indicated above, the structure of executive directors' remuneration is regulated under article 50 bis of the Bank's Bylaws. It is in line with the general policy for senior management remuneration.

The contracts signed with each independent director determine their respective remuneration packages, entitlements and economic rewards, comprising the items established under said article 50 bis of the Company Bylaws. Below is a detailed analysis of such items:

Fixed remuneration

Each year the Remuneration Committee considers the possible updating of the fixed remuneration of the executive directors as established under article 50 bis of the Bank's Bylaws on the basis of studies and analyses to ensure suitable compensation and maintain a remuneration structure in which the fixed components are sufficiently weighted against the total remuneration to reward the level of responsibility and the characteristics of every position.

The Committee takes other factors into account, such as the average increase in the remuneration of members of the Management Committee and the specific characteristics of each position, as well as the remuneration information supplied by the main consultancy firms working in management remuneration policy worldwide.

The Committee determines the fixed remuneration payable to each executive director and then puts its proposal to the Board for approval, with the acquiescence of the executive directors.

The Board of Directors, 1st February 2012, at the proposal of the Remuneration Committee, resolved not to increase the fixed remuneration of the executive directors established in 2011. Thus the fixed remuneration of the Chairman & CEO will stand at €1,966,260 and that of the President & COO at €1,748,000.

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Annual Variable Remuneration

The Annual Variable Remuneration of the BBVA executive directors, like that of the rest of the senior management, comprises Ordinary Variable Remuneration and a Management Team Incentive, which may be delivered in shares. These elements are each described below:

Ordinary Variable Remuneration

The Ordinary Variable Remuneration model applicable to executive directors, approved by the Board of Directors contains the elements of the general system established for the Group's senior management and the rules applicable to the employees performing duties that may have a significant impact on the Bank's risk profile or oversight duties. It takes into account the specific nature of the executive directorships, defining a scheme for them within the corporate framework by setting targets and individually assessing delivery on each such target.

The targets to determine the Ordinary Variable Remuneration of executive directors are established by the Remuneration Committee on the basis of information on the metrics of variable annual remuneration in the large international banks within BBVA's peer group and their evolution over time. These are then submitted to the approval of the Board of Directors.

The targets for the Ordinary Variable Remuneration of executive directors for 2012 are significantly linked to the Group's recurring earnings. The following are used as indicators: the Group adjusted Economic Profit without one-offs; the Group net attributable profit without one-offs; the Group recurring cost-income ratio and each executive director's personal indicators subject to the following weighting:

	Group recurring adjusted Economic Profit	Group recurring cost-income ratio	Group net attributable profit	Specific task- related targets
Chairman & CEO	50%	20%	30%	--
President & COO	50%	15%	25%	10%

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Pursuant to the core principles of BBVA's general remuneration policy and on the basis of prudent risk management, BBVA has chosen the Group's recurring Economic Profit (EP) as the main indicator for measuring the Group's targets for the purpose of establishing its executive directors' Ordinary Variable Remuneration. It considers that this is the most suitable way to measure sustained generation of shareholder value, considering the level of risk borne and the cost of capital employed.

As indicated, technically speaking, the Economic Profit is obtained by taking the recurring Adjusted Profit and subtracting the return on the capital employed in each business divided by the cost of said capital, or the expected rate of return for investors. The Adjusted Profit is not the same as the Book Profit, as economic criteria are used to define it rather than the accounting standards in some kinds of operations.

Conceptually, Economic Profit is the recurring profit generated over and above market expectations regarding capital yields.

The Economic Profit is also, as explained above, an indicator considered by the CEBS guidelines, published by the Committee of European Bank Supervisors, which have been adopted by the Bank of Spain, to be a suitable system for assessing performance including risk-adjusted measurements.

The amount of Ordinary Variable Remuneration that executive directors will obtain will reflect their delivery on the indicators mentioned above as a function of certain compliance scales approved each year by the Bank's Board of Directors at the proposal of the Remuneration Committee.

In order to align Ordinary Variable Remuneration more closely to best international practices, the Board of Directors has established that the Ordinary Variable Remuneration of executive directors be capped at 200% of the amounts of their respective fixed remuneration.

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Variable remuneration in shares

As indicated above, a fundamental part of BBVA's remuneration of its managers, including executive directors and other members of the senior management, is its policy of variable remuneration based on the delivery of Bank shares.

The Management Team Incentive, as described in previous sections of this report, allocates a number of units to each manager. This acts as the basis to determine the number of shares deliverable on the settlement date, and will be associated to the degree of compliance with various Group-level indicators that will be determined every year. For 2012, they would be as follows:

- Performance of the Bank's Total Shareholder Return (TSR) from 1st January to 31st December 2012, compared against the TSR performance of the following peer group of international banks over the same period: BNP Paribas, Société Générale, Deutsche Bank, UniCredito Italiano, Intesa San Paolo, Banco Santander, Crédit Agricole, Barclays, Lloyds Banking Group, Royal Bank of Scotland, UBS, Crédit Suisse, HSBC, Commerzbank, Citigroup, Bank of America, JP Morgan Chase, and Wells Fargo.

TSR measures the return on investment for shareholders as the sum of the change in the listed value of the share plus dividends and other similar items accruing to the shareholder during the period under consideration.

- The Group Economic Profit without one-offs.
- The Group's Attributable Profit without one-offs.

The number of units will be divided into three parts, each linked to one indicator. Each of these parts will be multiplied by coefficients of between 0 and 2 as a function of a scale defined each year for each of them. For TSR, the applicable coefficient will always be zero when the Bank is ranked below the median of its peer group. This reinforces alignment of the management's variable remuneration with the shareholders' interests.

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The sum of these three components, each weighted accordingly, will determine the number of shares to which each beneficiary is entitled.

Special system of settlement and payment of the executive directors' Annual Variable Remuneration

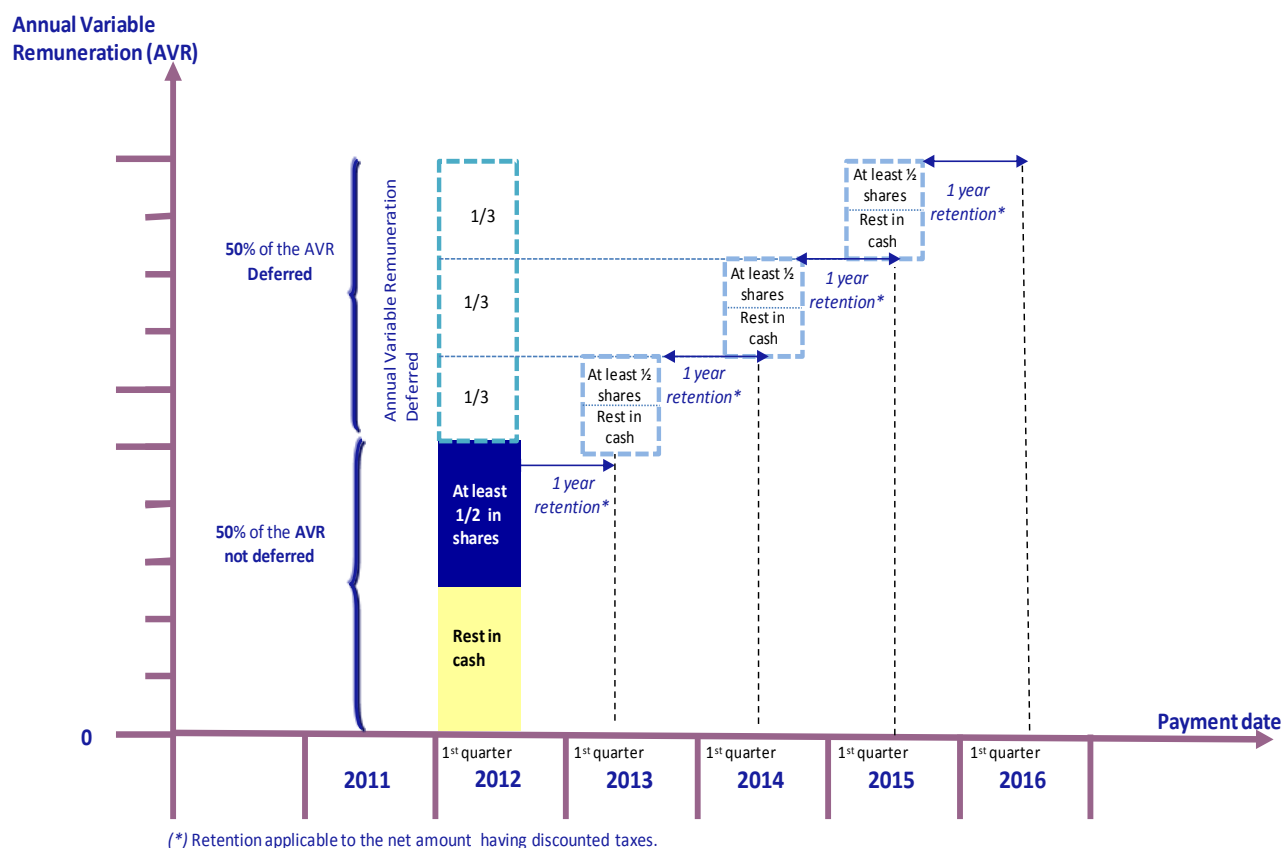
As resolved by the Bank's Board of Directors, at the proposal of the Remuneration Committee, executive directors, in the same manner as the rest of the members of the Management Committee, will receive their Annual Variable Remuneration for 2012 under the following conditions:

- In each of the payments of the Annual Variable Remuneration, at least 50% of the total will be paid in BBVA shares.
- The payment of 50% of the Annual Variable Remuneration, in cash and in shares, will be deferred in time. The deferred amount will be paid one third a year over the following three years.
- The shares paid may not be availed for one year starting from the date of their delivery. This retention will be applicable to the net amount of the shares, having discounted the part needed to settle the payment of taxes on the shares received.
- The shares received as Annual Variable Remuneration may not be used in hedge trades.

The payment of the deferred amounts is conditional upon none of the circumstances arising that the Board of Directors has resolved should limit or prevent the payment and subject to the other rules mentioned in section 2.c) of this report.

The following graph illustrates the settlement and payment system for the Annual Variable Remuneration is given, referenced to 2011:

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Variable remuneration for 2011

At year-end 2011, the Annual Variable Remuneration of the executive directors has been determined in accordance with the settlement and payment system described in the previous section. The Ordinary Variable Remuneration and Variable Remuneration in Shares were calculated on the following bases:

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- Calculation of the executive directors' ordinary variable remuneration for 2011 employed the targets and weightings established at the beginning of the year by the Board of Directors at the proposal of the Remuneration Committee. These were:

	Group recurring adjusted Economic Profit	Group recurring cost-income ratio	Group net attributable profit	Specific job- related targets
Chairman & CEO	50%	20%	30%	--
President & COO	50%	15%	25%	10%

The compliance scales associated to each of these indicators were also established by the Board of Directors at the proposal of the Remuneration Committee. They were defined in such a way that the positive or negative year-on-year changes in the results of the targets established correlate to positive or negative changes in the executive directors' Ordinary Variable Remuneration.

- The calculation of the executive directors' Incentive for 2011 employed the indicators established by the General Meeting and the weightings established by the Board of Directors at the proposal of the Remuneration Committee. These are as follows:

TSR	Recurrent Economic Profit	Group net attributable profit
50%	25%	25%

The compliance scales associated to each of these indicators were established by the Board of Directors at the proposal of the Remuneration Committee. The BBVA TSR ranked second in its peer group of 18 banks, established by the General Meeting, March 2011. This means that the multiplier coefficient will be

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2, in accordance with the following table:

GRUPO DE REFERENCIA - 18 BANCOS		RANKING	MULTIPLIER COEFFICIENT
Banco Santander	España	1st	2.0
BNP Paribas	Francia	2nd	2.0
Credit Agricole	Francia	3rd	2.0
Societe Generale	Francia	4th	1.9
Intesa San Paolo	Italia	5th	1.8
Unicredito Italiano	Italia	6th	1.7
Deutsche Bank	Alemania	7th	1.6
Commerzbank	Alemania	8th	1.4
HSBC	Reino Unido	9th	1.2
Barclays	Reino Unido	10th	1.0
Lloyds Banking Group	Reino Unido	11th	0.0
Royal Bank of Scotland	Reino Unido	12th	0.0
Credit Suisse	Suiza	13th	0.0
UBS	Suiza	14th	0.0
Citigroup	Estados Unidos	15th	0.0
Bank of America	Estados Unidos	16th	0.0
JP Morgan Chase	Estados Unidos	17th	0.0
Wells Fargo	Estados Unidos	18th	0.0
		19th	0.0

Along with the result of the other two indicators, this gives an average applicable coefficient for the Incentive of 1.3175, applied to the number of units allocated to each beneficiary at the beginning of the programme, this gives the number of shares corresponding to the Incentive.

- The BBVA remuneration policy for its executive directors establishes that they should receive at least 50% of their Annual Variable Remuneration in shares. The economic value of the shares from the Incentive to which each executive director is entitled has been calculated. As established by the General Meeting, March 2011, the calculation employed the average closing price of the BBVA

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shares at trading sessions between 15th December 2011 and 15th January 2012, in order to determine the Annual Variable Remuneration for each of them corresponding to 2011.

Thus, during the first quarter of 2012, the executive directors will receive from the settlement of the Annual Variable Remuneration for 2011: €999,731 and 155,479 shares for the Chairman & CEO, and €635,865 and 98,890 shares for the President & COO. In both cases, the shares may not be availed for one year as of the date of their delivery under the terms explained in this report.

Additionally, during the first quarter of each year, 2013, 2014 and 2015, the executive directors will collect the following amounts: the Chairman & CEO will receive €333,244 and 51,826 BBVA shares, while the President & COO will receive €211,955 and 32,963 shares, as the deferred part of their Annual Variable Remuneration for 2011.

The deferred remuneration payments subject to the unavailability criteria explained in this report will be delivered providing none of the circumstances established by the Board of Directors that could limit or prevent payment arise, and are subject to the other rules described in section 2.c) of this report.

SETTLEMENT OF THE MULTI-YEAR VARIABLE SHARE REMUNERATION PROGRAMME FOR 2009-2010.

During the first quarter of 2011, the Multi-Year Variable Share Remuneration Programme for the BBVA management team, including executive directors and other members of the Management Committee was settled for 2009-2010, as approved by the General Meeting, 13th March 2009. In application of the conditions established when it began, a multiplier coefficient of 0 was applied to the units allocated, such that the Programme was settled without shares being delivered to its beneficiaries.

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SETTLEMENT OF THE LONG-TERM INCENTIVE PROGRAMME 2010-2011

The Long-Term Incentive Programme for 2010-2011 approved by the General Meeting, 12th March 2010, for members of the BBVA management team, including executive directors and other members of the Management Committee was settled, in the light of year-end 2011 figures.

This Programme allocated each manager a number of units that will provide a basis on which to determine the number of shares to be delivered on its maturity date. It is associated to the performance of the Bank's Total Shareholder Return (TSR) during 2010- 2011, benchmarked against a peer group of 18 international banks.

The number of units allocated to the executive directors, pursuant to the General Meeting resolution, was 105,000 for the Chairman & CEO and 90,000 for the President & COO.

Said resolution established that any shares that may stem from the settlement of this Programme would be delivered to the beneficiaries, who could avail themselves of the shares in the following manner: (i) 40% of the shares received will be freely transferrable by the beneficiaries on delivery; (ii) 30% of the shares received will become transferrable once a year has passed from the Programme's settlement date; and (iii) the remaining 30% will become transferrable once two years have passed from the Programme's settlement date.

In application of the Programme conditions, the performance of the BBVA TSR and that of the 18 banks in its peer group established by the General Meeting was measured. BBVA ranks 4th in the comparison table. Thus, a multiplier coefficient of 2 must be applied to the number of units allocated to each of the beneficiaries. This determines that under the settlement of the 2010-2011 Programme, the Chairman & CEO will be awarded 210,000 BBVA shares and the President & COO will be awarded 180,000 BBVA shares.

The details of the 18 banks in the peer group established by the General Meeting along with the ranking scale established by the Board of Directors at the proposal of the Remuneration Committee, are given below:

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GRUPO DE REFERENCIA - 18 BANCOS	
Banco Santander	España
BNP Paribas	Francia
Credit Agricole	Francia
Societe Generale	Francia
Intesa San Paolo	Italia
Unicredito Italiano	Italia
Deutsche Bank	Alemania
Commerzbank	Alemania
HSBC	Reino Unido
Barclays	Reino Unido
Lloyds Banking Group	Reino Unido
Royal Bank of Scotland	Reino Unido
Credit Suisse	Suiza
UBS	Suiza
Citigroup	Estados Unidos
Bank of America	Estados Unidos
JP Morgan Chase	Estados Unidos
Wells Fargo	Estados Unidos

RANKING	COEFICIENTE MULTIPLICADOR
1º	2
2º	2
3º	2
4º	2
5º	1,8
6º	1,6
7º	1,4
8º	1,2
9º	1
10º	0,8
11º	0,6
12º	0,4
13º	0
14º	0
15º	0
16º	0
17º	0
18º	0
19º	0

After the General Meeting established this Programme, Royal Decree 771/2011, 3rd June, was enacted and came into force. Its Sixth Transitory Provision retroactively establishes the application of the rules of deferral, unavailability and limitation described in this report to the remuneration payments referring to services provided from 2010, granted and not yet paid before the measure was enacted. Consequently, an amendment is being put to the Bank's General Meeting scheduled for 16th March 2012 regarding the settlement and payment system for the 2010-2011 Programme, which would mean the three-year deferral of payment of the 50% of shares resulting from the settlement of the Programme for the executive directors and other members of the Management Committee.

Applying this new settlement and payment system, adapted to the requirements established in Royal Decree 771/2011, 3rd June, means that before 15th April 2012, the executive directors would be entitled to the delivery against the 2010-2011 Programme of only 50% of the shares determined as a consequence of the settlement of the Programme. This is 105,000 shares for the Chairman & CEO and 90,000 shares for the President & COO. The remaining 50% would be deferred (105,000 and 90,000 shares, respectively) and would be deliverable one third per year over 2013, 2014 and

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2015, respectively. Thus, 35,000 shares would be delivered to the Chairman & CEO and 30,000 shares to the President & COO on each one of these years under this item.

The aforementioned shares will be subject to the criteria of unavailability described in this report, and will be delivered providing none of the circumstances established by the Board of Directors that could limit or prevent payment arise, and are subject to the other rules described in section 2.c) of this report.

Corporate pension scheme

Pursuant to article 50 bis of the Company Bylaws, the contracts for the executive directors include a system of protection against the contingencies of retirement, disability and death.

The provisions recorded at 31st December 2011 to cover the pension commitments for the President & COO stood at €16,831. On said date, there were no other pension obligations with executive directors.

These commitments stem from the contract with the President & COO to cover the contingencies listed below:

a) Retirement

The entitlement to receive an annual retirement pension is recognised, whose amount will be calculated on the basis of the annual average total remuneration that would have been payable over the last two years prior to his retirement as his fixed remuneration and part of his variable remuneration. The amount of the pension will be determined as a function of his effective seniority in the Bank until reaching the age of 65 years, capped at 85.

This entitlement will arise when, in performance of his professional duties, he reaches the age of 65 years.

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b) Disability

On the same bases as the retirement pension, the entitlement to a disability pension will be recognised for an amount equal to the maximum amount of his retirement pension should he become permanently, totally or absolutely disabled whilst performing his professional duties.

c) Death

In the event of death, the widow/widower will be entitled to a pension of 50% of the average pensionable basis for retirement or, as applicable, the retirement or disability pension to which he/she is entitled..

Likewise, an annual orphanhood pension will be granted for children until they reach the age of 25. For each such child, this will be 20% of the same bases used for the widow's pension.

In no event may the widowhood' and orphanhood' pension be more than 100% of the amounts the beneficiary of the policy was receiving at the time of death.

The Bank's retirement commitments for the President & COO may be met, as he chooses, by the payment of a lifelong annuity pension, or by payment of a lump sum at the time when the conditions established for this in the contract occur.

Other remuneration

BBVA's executive directors are entitled to benefit from the reward schemes established for the Bank's senior management in general and other remunerations such as rental cars, insurance, etc.

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Main characteristics of the executive directors' contracts with BBVA

The contracts signed with the executive directors are open-ended and compliant with the rights recognised under article 50 bis of the Bank's Bylaws. None include any period of prior notice.

At the date of this report, the Bank has no commitments to pay severance indemnity to any executive directors.

The terms and conditions of the President & COO's contract determine that should he cease to hold this post for any reason other than his own will, retirement, disability or serious dereliction of duty, he will be given early retirement with a pension, which he may choose to receive as a life-long annuity or as a lump sum. This will be 75% of his pensionable salary should this occur before he reaches the age of 55 years, or 85% should it occur after he has reached said age.

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Remuneration scheme for non-executive BBVA directors

BBVA has set up a remuneration system tailored to the posts of non-executive BBVA directors, different from the system for the executive directors. It is based on their responsibilities, dedication and incompatibilities as a function of the post they hold.

To such end, the performance of the duties of BBVA Board members requires special dedication, as there is a high number of meetings held both by the Board of Directors and the various Committees assisting it. The number of meetings held in 2011 was:

Number of meetings	
Board of Directors	12
Executive Committee	18
Audit & Compliance Committee	12
Risks Committee	43
Appointments Committee	10
Remuneration Committee	9

BBVA directors are also subject to strict set of regulations regarding incompatibilities in sitting on governing bodies of Group companies or associated undertakings. Thus, except for executive directors with express authorisation from the Board, Board members may not take up directorships in subsidiaries or associated undertakings, when the directorship is linked to the Group's shareholding in such company.

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Moreover, when the current Board members leave their Bank directorship, they may not provide services to another financial institution in competition with the Bank or its subsidiaries for two years, unless they are given express authorisation by the Board. Such authorisation may be denied on the grounds of corporate interest.

Non-executive directors are subject to a system regulating possible conflicts of interest between their private activity and the performance of their duties as BBVA directors. The system is governed by the Board Regulations.

On the basis of the foregoing, the remuneration system for non-executive directors comprises the following elements:

Annual remuneration

Non-executive directors receive an annual payment for sitting on the BBVA Board, and another fixed amount for their membership of different Committees. Chairing a Committee is given a higher weighting, and the amount for Committee members reflects the different duties of each Committee.

The Board of Directors periodically reviews these fixed components in order to ensure they keep up with changing market circumstances and any changes in the kind of duties that the BBVA directors perform. These amounts have not been updated since July 2007.

The remuneration payable to the non-executive directors for 2011 is given below. The figures are itemised for membership of Committees and the positions held on the Committees:

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Year 2011 Remuneration of Non-Executive Directors	Thousands of Euros						Total
	Board of Directors	Standing-Executive Committee	Audit Committee	Risk Committee	Appointments Committee	Compensation Committee	
Tomás Alfaro Drake	129	-	71	-	102	-	302
Juan Carlos Álvarez Mezquiriz	129	167	-	-	7	36	338
Ramón Bustamante y de la Mora	129	-	71	107	-	-	307
José Antonio Fernández Rivero	129	-	-	214	41	-	383
Ignacio Ferrero Jordi	129	167	-	-	-	43	338
Carlos Loring Martínez de Irujo	129	-	71	-	-	107	307
José Maldonado Ramos	129	111	-	44	41	43	368
Enrique Medina Fernández	129	167	-	107	-	-	402
Jose Luis Palao García-Suelto	118	-	134	62	-	-	314
Juan Pi Llorens	54	-	-	27	-	11	91
Susana Rodríguez Vidarte	129	-	71	-	41	43	284
Total	1,330	611	419	561	231	282	3,435

- (1) José Antonio Fernández Rivero, apart from the amounts listed in the above table, also received a total of 652 thousand Euros during 2011 in early retirement payments as a former member of the BBVA management.
- (2) José Luis Palao García-Suelto was appointed member of the BBVA Board on 1st February 2011.
- (3) Juan Pi Llorens was appointed member of the BBVA Board on 27th July 2011.
- (4) Rafael Bermejo Blanco, who stood down as director on 29th March 2011, received the total sum of €104 K in remuneration as member of the BBVA Board of Directors and for his positions on its Committees.

Moreover, during 2011, insurance premiums have been paid for non-executive directors amounting to a total of 99 thousand Euros.

System of Variable Remuneration with Deferred Delivery of Shares

The Bank has a scheme for remuneration through deferred delivery of shares for its non-executive directors. This was adopted by the BBVA General Meeting, 18th March 2006 and extended for a further 5 years by the General Meeting in March 2011. It comprises an annual allocation of "theoretical BBVA shares" to the non-executive directors, as part of their remuneration, which will be delivered, where applicable, on the date on which they cease to be directors on any grounds other than serious dereliction of duty.

The annual number of "theoretical shares" allotted to non-executive directors who are beneficiaries of this scheme will be equivalent to 20% of the total remuneration

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payable to the non-executive director in the previous year, according to the average of the closing prices of the BBVA share during the sixty trading sessions prior to the AGM approving the corresponding financial statements.

The number of theoretical shares allocated to each of the non-executive directors in 2011 as beneficiaries of the scheme for remuneration through deferred delivery of shares, corresponding to 20% of the remuneration payable to said directors during 2010 and the total number of theoretical shares accumulated are as follows:

Scheme for Remuneration of Non-Executive Directors with Deferred Distribution of Shares	Theoretical Shares assigned in 2011	Accumulated Theoretical Shares
Tomás Alfaro Drake	6,144	19,372
Juan Carlos Álvarez Mezquíriz	8,010	47,473
Ramón Bustamante y de la Mora	7,270	45,319
José Antonio Fernández Rivero	8,673	38,814
Ignacio Ferrero Jordi	8,010	48,045
Carlos Loring Martínez de Irujo	7,275	33,098
José Maldonado Ramos	6,733	6,733
Enrique Medina Fernández	9,527	61,314
Susana Rodríguez Vidarte	6,315	31,039
Total	67,957	331,207

(*) Rafael Bermejo Blanco, who stood down as director on 29th March 2011, was also allocated 9,806 theoretical shares.

This long-term remuneration system is in line with international tendencies in corporate governance, as the theoretical shares allocated to the directors are not materialised until the moment they leave their post, providing this is not due to dereliction of duty. Where such dereliction exists, the director would not receive any payment under this item

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Future policy

The remuneration system BBVA has established for the members of its Board of Directors has been described in detail in this report. It is the system that will be applied during the current year, in compliance with the resolutions of the Bank's corresponding governing bodies, as explained. The same system will be applicable in future years, unless the competent governing bodies resolve otherwise in the light of changed circumstances.

The above notwithstanding, the Remuneration Committee, in performance of its duties under the Board Regulations, periodically reviews the Board of Directors' remuneration policy. Within the framework established in the Company Bylaws, it puts to the Board any proposals it deems timely with respect to the items included and the amount earmarked to them, taking into account the current market environment and the Company's earnings.

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