

**PROPOSED RESOLUTIONS UNDER AGENDA ITEM ONE FOR THE ANNUAL GENERAL MEETING OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A. SHAREHOLDERS, TO BE HELD 11<sup>TH</sup> MARCH 2011.**

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1.- Approve, in accordance with the terms contained in the legal documents, the financial statements and management report of Banco Bilbao Vizcaya Argentaria, S.A. corresponding to the year ending 31<sup>st</sup> December 2010, as well as the annual financial statements and management report of the Banco Bilbao Vizcaya Argentaria Group corresponding to the same financial year.

2.- Approve the proposed application of earnings of Banco Bilbao Vizcaya Argentaria, S.A. corresponding to 2010, to the sum of €2,903,911,109.89 (two billion, nine hundred and three million, nine hundred and eleven thousand, one hundred and nine euros, eighty nine cents), distributed in the following manner:

- The sum of €72,808,038.07 (seventy two million, eight hundred and eight thousand, thirty eight euros, seven cents) will be used to provision the legal reserve.
- The sum of €1,078,816,187.43 (one billion, seventy eight million, eight hundred and sixteen thousand, one hundred and eighty seven euros, forty three cents) will be used to pay the dividends that have already been fully paid out prior to this General Meeting as first, second and third interim dividends, pursuant to the resolutions adopted by the Bank's Board of Directors at its meetings, 30<sup>th</sup> June, 29<sup>th</sup> September and 21<sup>st</sup> of December 2010, respectively. It is resolved to ratify insofar as is necessary the aforementioned Board of Directors' resolutions approving the payout of the first, second and third interim dividends against the financial year 2010.
- The rest of the Banco Bilbao Vizcaya Argentaria, S.A.'s earnings for 2010, ie, the sum of €1,752,286,884.39 (one billion, seven hundred and fifty two million, two hundred and eighty six thousand, eight hundred and eighty four euros, thirty nine cents) will be used to provision to the Bank's voluntary reserves.

3.- Approve the management of the Banco Bilbao Vizcaya Argentaria, S.A. Board of Directors in 2010.

4.- Confer authority on the Chairman & CEO, Mr Francisco González Rodríguez and the Company & Board Secretary, Mr Domingo Armengol Calvo, severally, to deposit the financial statements, management reports and auditors' reports for the Bank and its Group, and to issue the certificates referred to in articles 279 of the Capital Companies Act and 366 of the Companies Registry regulations.

**PROPOSED RESOLUTIONS UNDER AGENDA ITEM TWO FOR THE ANNUAL GENERAL MEETING OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A. SHAREHOLDERS, TO BE HELD 11<sup>TH</sup> MARCH 2011.**

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Under this agenda item, the General Meeting is submitted a proposal, in line with the proposal made to the Board of Directors by the Appointments Committee, to re-elect the following persons, for the term of office established in the Company Bylaws: Mr Tomás Alfaro Drake, Mr Juan Carlos Álvarez Mezquíriz, Mr Carlos Loring Martínez de Irujo and Ms Susana Rodríguez Vidarte, as members of the Board of Directors in independent directorships.

It is also proposed that the General Meeting ratify the resolution passed by the Board of Directors at its meeting, 1<sup>st</sup> February 2011, co-opting the shareholder, Mr José Luis Palao García-Suelto as member of the Board of Directors as independent director, and that he be re-elected for the term of office established in the Company Bylaws, all in keeping with the proposal from the Appointments Committee.

Consequently, it is proposed that the General Meeting adopt the following resolutions:

2.1.- Re-elect [Mr Tomás Alfaro Drake](#), of full age, married, Spanish national, with address for these purposes at 81 Paseo de la Castellana, Madrid, with tax identity document 16.218.822-G, to the Board of Directors for the three-year term established in the Company Bylaws.

2.2.- Re-elect [Mr Juan Carlos Álvarez Mezquíriz](#), of full age, married, Spanish national, with address for these purposes at 81 Paseo de la Castellana, Madrid, with tax identity document 14.955.512-S, to the Board of Directors for the three-year term established in the Company Bylaws.

2.3.- Re-elect [Mr Carlos Loring Martínez de Irujo](#), of full age, married, Spanish national, with address for these purposes at 81 Paseo de la Castellana, Madrid, with tax identity document 1.357.930-X, to the Board of Directors for the three-year term established in the Company Bylaws.

2.4.- Re-elect [Ms Susana Rodríguez Vidarte](#), of full age, married, Spanish national, with address for these purposes at 81 Paseo de la Castellana, Madrid, with tax identity document 14.915.845-T, to the Board of Directors for the three-year term established in the Company Bylaws.

2.5.- Ratify the resolution passed by the Board of Directors in its meeting, 1<sup>st</sup> February 2011, nominating the shareholder, [Mr José Luis Palao García-Suelto](#), of full age, married, Spanish national, with address for these purposes at 81 Paseo

de la Castellana, Madrid, with tax identity document 2.474.312-H, to the Board of Directors and re-elect him to the Board of Directors for the three-year term established in the Company Bylaws.

Pursuant to paragraph 2 of article 34 of the Company Bylaws, determine the number of directors at whatever number there are at this moment in compliance with the resolutions adopted under this agenda item, which will be reported to the General Meeting for all due effects.

## Mr. TOMÁS ALFARO DRAKE

### Director

Born in Madrid in 1951.

Married.

Studied engineering at ICAI.

Masters degree in Economics and Business Management (MBA) from IESE.

#### Professional Background:

1973 – 1975 DIMETAL, S.A. Systems engineer.

1975 – 1977 DIMETAL, S.A. Sales and Marketing Manager, Industrial Automation Division.

1979 – 1981 JOHNSON WAX ESPAÑOLA, S.A. Product Manager.

1981 – 1998 Instituto de Empresa.

Director of marketing area.

Director of masters programme in Commercial Management and Marketing.

Academic director.

Teaching activities as lecturer on finance and marketing.

Continues to lecture.

1981-1998 Consultant for finance and marketing at Spanish and multinational companies in different industries, including finance, industry, distribution and services.

1998 Universidad Francisco de Victoria.

Director of degree in Business Management and Administration.

Director of degree in Marketing.

Director of diploma in Business Sciences.

He was appointed to a BBVA directorship on 18<sup>th</sup> March 2006. He is chairman of the Appointments Committee.

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## Mr. JUAN CARLOS ÁLVAREZ MEZQUÍRIZ

### Director

Born in Crémenes (León) in 1959.

Married.

Graduated in Economic Science from the Universidad Complutense de Madrid.

#### **Professional Background:**

1988 – Joined FISEG, Empresa Financiera de Servicios Generales.

1990 – General Manager of EL ENEBRO, S.A. (Grupo Eulen).

1993 - Financial Area Director, EULEN, S.A.

2002 - Managing Director of GRUPO EULEN, S.A.

2010 – Managing Director of GRUPO EL ENEBRO, S.A.

He was appointed to a BBVA directorship on 28<sup>th</sup> January 2000.

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## Mr. CARLOS LORING MARTÍNEZ DE IRUJO

### Director

Born in Mieres (Asturias) in 1947.

Married.

Graduated in Law from Universidad Complutense de Madrid.

#### **Professional Background:**

In 1971 joined J&A Garrigues, becoming Partner in 1977. Held posts there as Director of M&A Department, Director of Banking and Capital Markets, and acted as legal consultant for big public companies. Since 1985, has been member of its Management Committee.

His activity has focussed on advising big multinational corporations on mergers and acquisitions, and he has been intensely involved in the legal coordination of some key global floats and placements, for Spanish and non-Spanish companies, representing arrangers and issuers.

More recently, he has been providing consultancy services for listed companies in their big corporate operations, giving them legal assistance at their General Shareholders Meetings.

He is a renowned specialist in Corporate Governance, having helped several public companies to restructure their organisation as new recommendations and regulations on good governance have been published in Spain. Recently, the "International Who's Who of Business Lawyers" named him one of the leading legal experts worldwide in Corporate Governance.

From 1984 to 1992 was member of the Governing Body of the Colegio de Abogados de Madrid (Madrid Law Association).

Has worked with the Centro de Estudios Garrigues as a member of the Advisory Board for the Masters in Private Banking.

He was appointed to a BBVA directorship on 28<sup>th</sup> February 2004. He is chairman of the Remuneration Committee.

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## Ms. SUSANA RODRÍGUEZ VIDARTE

### Director

Born in Bilbao (Vizcaya) in 1955.

Married.

Doctor in Economic and Business Sciences from Universidad de Deusto.

#### Professional Background:

Has mainly worked in the academic field.

Teacher and Researcher at Management Department, Faculty of Economic and Business Sciences. La Comercial de la Universidad de Deusto.

Held Chair in Business Economics and Management Control, with teaching activities in undergraduate and postgraduate programmes at La Comercial in Spain, Argentina and Chile.

Dean of the Economics and Business Sciences Faculty La Comercial de la Universidad de Deusto from 1996 to 2009 and, since 2003, Director of Instituto Internacional de Dirección de Empresas. Presently manages the Postgraduate area of the Faculty of Economics and Business Sciences.

Has been member of the Board of Trustees of Fundación Deusto and of the Board of Instituto Vasco de Competitividad, and is currently member of the Board of trustees of Fundación Bernaola and of Fundación Microfinanzas.

Joint Editor of Boletín de Estudios Económicos.

Member of Instituto de Contabilidad y Auditoría de Cuentas (Accountants and Auditors Institute).

She was appointed to a BBVA directorship on 28<sup>th</sup> May 2002.

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# Mr. JOSÉ LUIS PALAO GARCÍA-SUELTO

## Director

Born in Madrid in 1944.

Married.

Spanish national.

Agricultural Engineer from the Madrid School of Agricultural Engineers.

Graduated in Economics and Business Studies from the Complutense University of Madrid.

Certificate in Project Management, National Poly-technical Institute of Madrid.

### Professional Background:

1970 - 1977 ARTHUR ANDERSEN. Audit Division.

1977 - 1979 INSTITUTO DE CRÉDITO OFICIAL. Head of Audit & Inspection Services.

1979 - 2002 ARTHUR ANDERSEN. Senior Partner of the Financial Division in Spain.

2002 - 2010 Freelance Consultant.

He has been a member of the Spanish Institute of Auditors, the Official Registry of Auditors and the Banks Committee of the Registry of Auditor Economists.

He was appointed Director of the BBVA on 1<sup>st</sup> February 2011.

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**PROPOSED RESOLUTIONS UNDER AGENDA ITEM THREE FOR THE ANNUAL GENERAL MEETING OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A. SHAREHOLDERS, TO BE HELD 11<sup>TH</sup> MARCH 2011.**

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1.- To adopt the common plan of merger (hereinafter "Merger Plan") signed by the directors of Banco Bilbao Vizcaya Argentaria, S.A., 1<sup>st</sup> February 2011, and by the directors of Finanzia Banco de Crédito, S.A. (Unipersonal), 28<sup>th</sup> and 29<sup>th</sup> January 2011, deposited in the Companies Registries of Vizcaya and Madrid.

2.- To approve as the merger balance sheet of Banco Bilbao Vizcaya Argentaria, S.A. its balance sheet for the year ending 31<sup>st</sup> December 2010, filed by the Company's board of directors, duly verified by the auditor of accounts and approved by this General Meeting under its agenda item one.

3.- Consequently, to adopt the merger by absorption of Finanzia Banco de Crédito, S.A. (Unipersonal) by Banco Bilbao Vizcaya Argentaria, S.A., making a block transfer under universal succession of its assets to Banco Bilbao Vizcaya Argentaria, S.A. All the rights and obligations of the absorbed company, in general and without any reservation or limitation, will be subrogated to the absorbing company in compliance with Act 3/2009, 3<sup>rd</sup> April, on Structural Amendments of Mercantile Companies (hereinafter "Act 3/2009").

The absorbed company is fully and directly owned by Banco Bilbao Vizcaya Argentaria, S.A. Thus, pursuant to article 49 of Act 3/2009 and as established in the Merger Plan, it is not necessary to make any reference to the ratio or procedures for exchanging shares or corporate interests or the date after which the new shares will confer the right to a share in corporate earnings, the absorbing company will not need to increase its shareholder equity, and no directors' reports or expert reports will be required on the Merger Plan.

This resolution for merger by absorption is adopted in compliance with the Merger Plan. The following is hereby stated for the effects of articles 228 of the Companies Registry Regulations and 40.1 of Act 3/2009:

***A.- Name and address of the companies participating in the merger and the data identifying them in their respective entries in the Companies Registry.***

**As absorbing company**

- Banco Bilbao Vizcaya Argentaria, S.A., Spanish company, with head office registered in Bilbao at 4 Plaza de San Nicolás, tax identification number A-48265169 and filed at the Vizcaya Companies Registry under Tome 2083, Folio 1, sheet number BI-17 A.

### **As absorbed company**

- Finanzia Banco de Crédito, S.A. (Unipersonal), Spanish company with head office registered in Madrid at 4 Calle Julián Camarillo, tax identification number A-37001815, and filed in the Madrid Companies Registry under Tome 691, Folio 183, sheet number M-14196, Inscriptions 1 and 2.
- Finanzia Banco de Crédito, S.A. (Unipersonal) is directly and fully owned by Banco Bilbao Vizcaya Argentaria, S.A.

### ***B.- Conversion ratio and share conversion procedure. Other references.***

Pursuant to article 49.1, sections 1 and 3 of Act 3/2009, given that the absorbed company is fully and directly owned by Banco Bilbao Vizcaya Argentaria, S.A., it will not be necessary for Banco Bilbao Vizcaya Argentaria, S.A. to increase its capital, and the Merger Plan does not need to make any reference to section 2 of article 31 in Act 3/2009 regarding the ratio and procedures for the share swap, or to the date after which the new shares will confer the right to a share in corporate earnings.

### ***C.- Impacts on industrial contribution or ancillary services***

Since neither of the companies involved in the merger have industrial partners or shareholders with any obligation to provide ancillary services, this matter does not need to be considered herein.

### ***D.- Directors' and independent-experts' reports***

Pursuant to article 49.1.2 of Act 3/2009, it is not necessary for the companies' directors or any independent experts to draw up reports.

### ***E.- Date as of which transactions of the absorbed company will be deemed to have been carried out to the account of the absorbing company for accounting purposes***

The date as of which transactions of Finanzia Banco de Crédito, S.A. (Unipersonal) will be considered to have been carried out by Banco Bilbao Vizcaya Argentaria, S.A. for accounting purposes., will be 1<sup>st</sup> January 2011, without detriment to the date on which the public deed is filed placing the merger on public record and the legal personality of the absorbed company extinguished.

### ***F.- Special voting rights and options.***

The absorbing company will not be granted any rights or options as a consequence of the merger, as neither the absorbing company nor the absorbed company have any special or privileged classes of shares, or anyone who has special rights other than those of the shares representing the shareholders' equity in the company that will be absorbed in the merger.

**G.- Attribution of advantages of any kind.**

No advantage will be attributed in the absorbing company to the directors of any of the companies participating in the merger or to independent experts whose involvement is not necessary in this merger.

**H.- Bylaw amendments in the absorbing company.**

No amendment will be required in the corporate bylaws of the absorbing company because of the merger.

**I.- Consequences of the merger for employment, gender impact on the governing bodies and incidence on the corporate social responsibility.**

It is not expected that the merger will have any consequence for the jobs of workers employed on the absorbed company's staff. The absorbed company will take over all the employment rights and obligations from the absorbed company, by subrogation.

No change will be needed in the composition of the governing body of the absorbing company. This will continue to be governed and directed by its board of directors, whose appointments are current, such that the merger will have no gender impact on the governing bodies.

The merger will not affect the *corporate social responsibility*.

**J.- Applicable tax regime**

Pursuant to article 96 of the consolidated text of the Corporation Tax Act, adopted by Legislative Royal Decree 4/2004, 5<sup>th</sup> March, this merger transaction will be subject to the special merger tax regime established under Chapter VIII of Title VII of the Companies Tax Act. The absorbing company will notify the Ministry of Finance & Economy of its option to subject the merger to that tax regime in the form and with the timing established in articles 42 to 45 of the Corporation Tax Regulations adopted under Royal Decree 1777/2004, 30<sup>th</sup> July.

**K.- Condition precedent**

The planned merger is conditional on obtaining due authorisation from the Ministry of Finance & Economy pursuant to article 45.c) of the Banking Act, 31<sup>st</sup> December 1946, and other concordant legislation and may be suspended if this is not forthcoming.

**4.-** Without prejudice to the proxies included in other resolutions adopted in today's AGM, and any other existing proxy, it is resolved to:

To confer authority to the Board of Directors, with express powers to pass on this authority to the Executive committee or the director(s) it deems pertinent or the Company

& Board Secretary, the most broad-ranging faculties required under law for the fullest implementation of the resolutions adopted by this AGM, making any arrangements necessary to obtain due permits and/or filings from the Bank of Spain, the Ministry of Economics & Finance, the Directorate General of Treasury & Financial Policy, the Securities Exchange Supervisor (CNMV), the entity charged with recording book entries, the Governing Companies of the Securities Exchanges, the Companies Registry and any other public or private sector bodies that may be competent in the matter. To such ends, they may (i) establish, complete, develop, amend, remedy omissions and adapt the aforementioned resolutions according to the verbal or written qualifications of the Companies Registry and any competent authorities, civil servants or institutions; (ii) draw up and publish the announcements required under law regarding the resolutions adopted by this AGM; (iii) grant any public and/or private documents they deem necessary or advisable; (iv) place the merger resolutions and the supplementary public and private documents on public record where necessary for the incorporation of the net assets of the company absorbed into the absorbing company to become operative; (v) make the settlements and guarantee the credits to the creditors that oppose the merger in the terms established in Act 3/2009, 3<sup>rd</sup> April, on structural amendments of mercantile companies; (vi) grant all the deeds for the inventory of goods, where applicable, or any others that may be necessary or advisable to accredit the ownership of the absorbing company over the goods and rights acquired as a consequence of the merger by absorption and achieve the filing in the public registries of any goods that require filing under the name of the absorbing company; (iv) engage in any acts that may be necessary or advisable to successfully implement them and, in particular, to have them filed at the Companies Registry or in other registries in which they may be filed.

**PROPOSED RESOLUTIONS UNDER AGENDA ITEM FOUR FOR THE ANNUAL GENERAL MEETING OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A. SHAREHOLDERS, TO BE HELD 11<sup>TH</sup> MARCH 2011.**

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Repealing the unavailed part of the authorisation conferred by the Annual General Meeting, 13th March 2009, under agenda item five:

1. To confer authority on the board of directors powers as broad as may be necessary under law, to increase share capital, pursuant to article 297.1.b) of the Capital Companies Act, within the legal term of five years as of the date on which this General Meeting is being held, up to a maximum equivalent to 50% of the Company's share capital at the time of this authority. The board of directors may increase capital on one or several occasions, for the amount it decides, by issuing new ordinary or privileged shares with or without voting rights, including redeemable shares or shares of any other kind permitted under law, with or without an issue premium, the countervalue being payable in cash. The Board of Directors may determine the terms and conditions of the capital increase, the nominal value of the shares to be issued, their characteristics and any privileges they might confer, the attribution of redemption rights and their terms and conditions, and how the Company shall exercise them.

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

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

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

2. To request the competent Spanish and non-Spanish securities exchanges on which the Banco Bilbao Vizcaya Argentaria, S.A. shares are already listed at the time of each capital increase to allow trading of the new shares, provided they comply with applicable regulations. The Board of Directors is hereby authorised, with express powers to delegate this authority to the Executive Committee and/or any member(s) of the Board of Directors or Company

proxies, to grant any documents and engage in any acts that may be necessary to such end, including any action, statement or arrangement before the competent authorities of the United States of America to achieve the listing of the shares represented by ADSs for trading, or before any other competent authority.

3. Likewise, to authorise the Board of Directors, pursuant to article 249 of the Capital Companies Act, to pass on to the Executive Committee the powers delegated to it by the AGM regarding the aforementioned resolutions, with express authority for substitution by the Chairman of the Board, the Chief Operating Officer or any other Director or proxy of the Bank.

**PROPOSED RESOLUTIONS UNDER AGENDA ITEM FIVE FOR THE ANNUAL GENERAL MEETING OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A. SHAREHOLDERS, TO BE HELD 11<sup>TH</sup> MARCH 2011.**

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**5.1 To increase share capital by a given amount by issuing new shares with a nominal value of €0.49, without an issue premium and of the same class and series as those currently in circulation, to be charged against voluntary reserves. Possibility of undersubscription. Commitment to purchase the rights of free allocation. Request for listing. Delegation of powers.**

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

The possibility of incomplete subscription is expressly provided for as required by article 311 of the Capital Companies Act. If incomplete subscription occurs, the capital increase will be for the amount actually subscribed.

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

$$\frac{\text{NOS}}{\text{NAR}}$$

Where:

NOS (number of old shares) is the total number of BBVA shares on the date the Board of Directors resolves to carry out the increase;

and

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

$$\text{NAR} = \text{RP} \times \text{NOS} / 690,000,000$$

Where:

RP (reference price) is the reference trading price of BBVA's shares for the purpose of the present capital increase. This will be the arithmetic mean of the average weighted price of BBVA shares traded on the Spanish stock exchange system (SIBE - Mercado Continuo) over five (5) trading days prior to the date that the Board of Directors (or the Executive Committee, if so delegated by the former) resolves to carry out the capital increase, rounded off to the nearest one-thousandth of a euro. In the event of a half of one-thousandth of a euro, this will rounded up to the nearest one-thousandth. In no event can the RP be less than the nominal value of the Company's shares. Therefore if the result of the calculation is less than €0.49, the RP will be €0.49.

2. **Reference balance sheet.-** According to article 303 of the Capital Companies Act the balance sheet to be used as the basis of the transaction is that of 31<sup>st</sup> December 2010, duly approved by the Bank's auditor and by this General Meeting under its agenda item one.
3. **Reserves used.-** The capital increase will be completely charged against voluntary reserves, which at 31<sup>st</sup> December 2010 stood at €4,168,234,000.
4. **Right of free allocation.-** All the Bank's shareholders will have the right to free allocation of the new shares. Every share will convey one right of free allocation.

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

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

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

The rights of free allocation of the new shares will be transferable. The rights of free allocation can be traded on the market during a period to be determined by the Board of Directors within a minimum of 15 calendar days after publication of the capital increase in the Official Gazette of the Companies Registry.



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

- 6. Commitment to purchase rights of free allocation.-** BBVA will undertake to acquire the rights of free allocation, complying strictly with any legal limitations. The purchase price of each right will be calculated by the following formula (rounding off to the closest one-thousandth of a euro and, in the event of a half of a thousandth of a euro, by rounding up to the next whole thousandth):

$$\text{RP} / (\text{NAR} + 1)$$

The commitment to purchase rights of free allocation shall be valid for a period determined by the Board of Directors during the trading period for such rights (described in section 5 above).

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

- 7. Format and rights of the new shares.-** The new shares will be represented by book entries, and the books will be managed by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (IBERCLEAR) and its participating entities. From the date of issue the new shares shall confer on their holders the same rights as the rest of BBVA's shares.
- 8. Listing.-** It is resolved to apply for listing of the new shares on the stock exchanges in Madrid, Barcelona, Bilbao and Valencia via the Spanish stock exchange system (SIBE - Mercado Continuo) and to establish all the arrangements and documents needed for listing by the foreign securities exchange authorities where BBVA's shares are traded: currently London, Mexico and, via ADSs (American Depository Shares), on the securities markets in New York and Lima. These arrangements also apply to the new shares issued as a consequence of the capital increase and BBVA expressly agrees to be bound by present and future rules of these markets, especially regarding contracts, permanence and exclusion from official listing.

To such effects, authority is conferred on the Board of Directors and the Executive Committee, with express powers of substitution in both cases so that, once this resolution has been adopted, they can make the corresponding applications, draw up and present any appropriate documents in the terms they

consider advisable, and take any measures that may be necessary for such purpose.

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

- 9. Execution of the resolution and conferral of authority.** It is resolved to delegate to the Board of Directors authorising it to delegate to the Executive Committee, with express power for substitution pursuant to article 297.1.a of the Capital Companies Act and with article 30.c of the Company Bylaws, to set the date on which the resolution to increase capital will be carried out. This shall be determined by observing the provisions of this resolution and shall be carried out within one (1) year of its adoption, including amendment of article 5 of the Bylaws regarding the total amount of share capital and the number of shares. In accordance with article 30.c of the Company Bylaws, the Board of Directors may refrain from executing the present capital increase based on market conditions, on company circumstances or on a social or economic event that makes the action unadvisable. In such case it will inform the first General Meeting held following the end of the period established for execution.

It is likewise agreed to delegate in the Board of Directors, also in accordance with article 297.1.a of the Capital Companies Act and with power to delegate this to the Executive Committee with express power for substitution in each case, to fix any conditions of each capital increase that have not been established in the previous clauses. In particular, this will include the following, which is not a complete list and does not constitute a limitation or restriction:

- (i) To determine the date on which the capital increase will be carried out in the terms and within the limits defined in the present resolution.
- (ii) To determine the final amount of the capital increase, the number of new shares, the number of rights of free allocation and the allocation ratio in accordance with the rules established above.
- (iii) To determine the specific reserve accounts or sub accounts against which the capital increase will be charged.
- (iv) To decline the number of rights of free allocation needed to reconcile the allocation ratio for the new shares, to decline the rights of free allocation that are acquired under an acquisition commitment and to decline any rights of free allocation as might be necessary or convenient.

- (v) To establish the period for trading the rights of free allocation with a minimum of 15 calendar days after publication of the capital increase in the Official Gazette of the Companies Registry.
- (vi) To declare the capital increase executed and closed at the end of the above period for trading the rights of free allocation, determining, when relevant, an incomplete subscription and signing whatever public and private documents might be needed for total or partial execution of the capital increase.
- (vii) To amend article 5 of the Company Bylaws on share capital.
- (viii) To draw up, sign and present the appropriate issue documents to the Spanish Securities Exchange Commission (CNMV) or to any other competent Spanish or non-Spanish authority and to present any additional or supplementary information or documents required.
- (ix) To draw up, sign and present the necessary or appropriate documents for the issue and listing of the new shares to the Spanish Securities Exchange Commission (CNMV) or to any other competent Spanish or non-Spanish authority or organisation, assuming responsibility for their contents and to draw up, sign and present any supplements needed, requesting their verification and registration.
- (x) To carry out any action, declaration or negotiation with the Spanish Securities Exchange Commission (CNMV), with the governing bodies of the securities exchanges, with the exchanges companies, IBERCLEAR, with the Department of Treasury & Financial Policy, with the Department of Commerce & Investment and with any other organisation, entity or register, whether public or private, Spanish or non-Spanish, to obtain (if necessary or advisable) the authorisation, verification and subsequent execution of the issue and the listing of the new shares.
- (xi) To draw up and publish any announcements that may be necessary or appropriate for this purpose.
- (xii) To draw up, sign, accredit and, if necessary, to certify any type of document related to the issue, including without limit the public and private documents required.
- (xiii) To complete all the necessary formalities so that the new shares associated with the capital increase can be entered in IBERCLEAR's registers and listed on the securities exchanges in Madrid, Barcelona, Bilbao and Valencia via the Spanish stock exchange system (SIBE - Mercado Continuo) system and on foreign stock exchanges that list BBVA's shares at the time of issue.

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

**5.2 To increase share capital by a given amount by issuing new shares with a nominal value of €0.49, without an issue premium and of the same class and series as those currently in circulation, to be charged against voluntary reserves. Possibility of undersubscription. Commitment to purchase the rights of free allocation. Request for listing. Delegation of powers.**

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

The possibility of incomplete subscription is expressly provided for as required by article 311 of the Capital Companies Act. If incomplete subscription occurs, the capital increase will be for the amount actually subscribed.

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

$$\frac{NOS}{NAR}$$

Where:

NOS (number of old shares) is the total number of BBVA shares on the date the Board of Directors resolves to carry out the increase;

and

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

$$NAR = RP \times NOS / RMV$$

Where:

RP (reference price) is the reference trading price of BBVA's shares for the purpose of the present capital increase. This will be the arithmetic mean of the average weighted price of BBVA shares traded on the Spanish stock exchange system (SIBE - Mercado Continuo) over five (5) trading days prior to the date that the Board of Directors (or the Executive Committee, if so delegated by the former) resolves to carry out the capital increase, rounded off to the nearest one-thousandth of a euro. In the event of a half of one-thousandth of a euro, this will rounded up to the nearest one-thousandth. In no event can the RP be less than the nominal value of the Company's shares. Therefore if the result of the calculation is less than €0.49, the RP will be €0.49.

RMV is the maximum reference market value of the capital increase, which cannot exceed €550,000,000.

2. **Reference balance sheet.**- According to article 303 of the Capital Companies Act the balance sheet to be used as the basis of the transaction is that of 31<sup>st</sup> December 2010, duly approved by the Bank's auditor and by this General Meeting under its agenda item one.
3. **Reserves used.**- The capital increase will be completely charged against voluntary reserves, which at 31<sup>st</sup> December 2010 stood at €4,168,234,000.
4. **Right of free allocation.**- All the Bank's shareholders will have the right to free allocation of the new shares. Every share will convey one right of free allocation.

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

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

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

The rights of free allocation of the new shares will be transferable. The rights of free allocation can be traded on the market during a period to be determined by the Board of Directors within a minimum of 15 calendar days after publication of the capital increase in the Official Gazette of the Companies Registry.

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

- 6. Commitment to purchase rights of free allocation.-** BBVA will undertake to acquire the rights of free allocation, complying strictly with any legal limitations. The purchase price of each right will be calculated by the following formula (rounding off to the closest one-thousandth of a euro and, in the event of a half of a thousandth of a euro, by rounding up to the next whole thousandth):

$$\frac{RP}{(NAR + 1)}$$

The commitment to purchase rights of free allocation shall be valid for a period determined by the Board of Directors during the trading period for such rights (described in section 5 above).

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

- 7. Format and rights of the new shares.-** The new shares will be represented by book entries, and the books will be managed by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (IBERCLEAR) and its participating entities. From the date of issue the new shares shall confer on their holders the same rights as the rest of BBVA's shares.
- 8. Listing.-** It is resolved to apply for listing of the new shares on the stock exchanges in Madrid, Barcelona, Bilbao and Valencia via the Spanish stock exchange system (SIBE - Mercado Continuo) and to establish all the arrangements and documents needed for listing by the foreign securities exchange authorities where BBVA's shares are traded: currently London, Mexico and, via ADSs (American Depositary Shares), on the securities markets in New York and Lima. These arrangements also apply to the new shares issued as a consequence of the capital increase and BBVA expressly agrees to be bound by present and future rules of these markets, especially regarding contracts, permanence and exclusion from official listing.

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

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

- 9. Execution of the resolution and conferral of authority.** It is resolved to delegate to the Board of Directors authorising it to delegate to the Executive Committee, with express power for substitution pursuant to article 297.1.a of the Capital Companies Act and with article 30.c of the Company Bylaws, to set the date on which the resolution to increase capital will be carried out. This shall be determined by observing the provisions of this resolution and shall be carried out within one (1) year of its adoption, including amendment of article 5 of the Bylaws regarding the total amount of share capital and the number of shares. In accordance with article 30.c of the Company Bylaws, the Board of Directors may refrain from executing the present capital increase based on market conditions, on company circumstances or on a social or economic event that makes the action unadvisable. In such case it will inform the first General Meeting held following the end of the period established for execution.

It is likewise agreed to delegate in the Board of Directors, also in accordance with article 297.1.a of the Capital Companies Act and with power to delegate this to the Executive Committee with express power for substitution in each case, to fix any conditions of each capital increase that have not been established in the previous clauses. In particular, this will include the following, which is not a complete list and does not constitute a limitation or restriction:

- (i) To determine the date on which the capital increase will be carried out in the terms and within the limits defined in the present resolution.
- (ii) To determine the final amount of the capital increase, the number of new shares, the market reference value (up to a maximum of €550,000,000), the number of rights of free allocation and the allocation ratio in accordance with the rules established above.
- (iii) To determine the specific reserve accounts or sub accounts against which the capital increase will be charged.

- (iv) To decline the number of rights of free allocation needed to reconcile the allocation ratio for the new shares, to decline the rights of free allocation that are acquired under an acquisition commitment and to decline any rights of free allocation as might be necessary or convenient.
- (v) To establish the period for trading the rights of free allocation with a minimum of 15 calendar days after publication of the capital increase in the Official Gazette of the Companies Registry.
- (vi) To declare the capital increase executed and closed at the end of the above period for trading the rights of free allocation, determining, when relevant, an incomplete subscription and signing whatever public and private documents might be needed for total or partial execution of the capital increase.
- (vii) To amend article 5 of the Company Bylaws on share capital.
- (viii) To draw up, sign and present the appropriate issue documents to the Spanish Securities Exchange Commission (CNMV) or to any other competent Spanish or non-Spanish authority and to present any additional or supplementary information or documents required.
- (ix) To draw up, sign and present the necessary or appropriate documents for the issue and listing of the new shares to the Spanish Securities Exchange Commission (CNMV) or to any other competent Spanish or non-Spanish authority or organisation, assuming responsibility for their contents and to draw up, sign and present any supplements needed, requesting their verification and registration.
- (x) To carry out any action, declaration or negotiation with the Spanish Securities Exchange Commission (CNMV), with the governing bodies of the securities exchanges, with the exchanges companies, IBERCLEAR, with the Department of Treasury & Financial Policy, with the Department of Commerce & Investment and with any other organisation, entity or register, whether public or private, Spanish or non-Spanish, to obtain (if necessary or advisable) the authorisation, verification and subsequent execution of the issue and the listing of the new shares.
- (xi) To draw up and publish any announcements that may be necessary or appropriate for this purpose.
- (xii) To draw up, sign, accredit and, if necessary, to certify any type of document related to the issue, including without limit the public and private documents required.



- (xiii) To complete all the necessary formalities so that the new shares associated with the capital increase can be entered in IBERCLEAR's registers and listed on the securities exchanges in Madrid, Barcelona, Bilbao and Valencia via the Spanish stock exchange system (SIBE - Mercado Continuo) system and on foreign stock exchanges that list BBVA's shares at the time of issue.
- (xiv) And to take whatever action might be necessary or appropriate to execute and register the capital increase before whatever entities and organisations, whether public or private, Spanish or non-Spanish, including clarifications, supplements and amendment of defects or omissions that might impede or hinder the full effectiveness of the present resolution.

**PROPOSED RESOLUTIONS UNDER AGENDA ITEM SIX FOR THE ANNUAL GENERAL MEETING OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A. SHAREHOLDERS, TO BE HELD 11<sup>TH</sup> MARCH 2011.**

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Delegate authority to the Board of Directors such that, subject to applicable legal provisions and after having obtained any authorisations required to such effect, it may directly or through subsidiary companies fully guaranteed by the Bank, within the maximum period of five years, on one or several occasions, issue all kinds of debt instruments, documented as debentures, bonds of any kind, promissory notes, covered bonds of any kind, warrants, mortgage securities, mortgage transfer certificants, preferred securities, totally or partially exchangeable for securities tradeable on secondary markets, already issued by the Company or by another company, or payable by cash settlement, or any other analogous securities that represent or create debt, denominated in euros or in any other currency, that can be subscribed in cash or in kind, nominative or made out to the bearer, senior or secured by any kind of collateral, including mortgage guarantee, with or without the incorporation of warrants, subordinate or not, with limited or open-ended tenor, to the maximum nominal sum of €250,000,000,000.- (TWO HUNDRED AND FIFTY BILLION EUROS).

Repeal the unavailed part of the authority conferred by the General Meeting held on 18<sup>th</sup> March 2006, under its agenda item three, whose amount was raised by resolutions of the General Meetings held on 16<sup>th</sup> March 2007, 14<sup>th</sup> March 2008 and 13<sup>th</sup> March 2009, whilst maintaining the authority in force for the part already availed.

Likewise, confer authority on the Board of Directors to establish and determine in the manner it deems most advisable, the other terms and conditions inherent to each issue, with regard to the fixed, floating or indexed interest rate, issue price, nominal value of each certificate, its representation in single or multiple certificates or in book entries, nominative or made out to the bearer, form and date of redemption, and/or any other aspects related to the issues. Also, authorise the Board of Directors to request listing of the securities issued on the stock markets and other competent bodies, subject to their standards for admission, listing and possible de-listing, providing such guarantees or covenants as required under prevailing legal provisions, and to determine any matters not envisaged hereunder.

Likewise, authorise the Board of Directors, pursuant to article 249 of the Capital Companies Act, to pass on to the Executive Committee the powers delegated to it by the AGM regarding the aforementioned resolutions, with express authority for substitution by the Chairman of the Board, the Chief Operating Officer or any other Director or proxy of the Bank.

**PROPOSED RESOLUTIONS UNDER AGENDA ITEM SEVEN FOR THE ANNUAL GENERAL MEETING OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A. SHAREHOLDERS, TO BE HELD 11<sup>TH</sup> MARCH 2011.**

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1.- Approve, for the effects of article 219 of the Capital Companies Act and other applicable legislation, the system of variable remuneration in shares for the management of the BBVA Group (hereinafter the "**System of Variable Remuneration in Shares for the Management**" or the "**System**") under the following terms and conditions:

1.1. The BBVA System of Variable Remuneration in Shares for the Management is based on a reward (hereinafter the "**Management Incentive**" or the "**Incentive**") that will have the following characteristics:

a) **Description:** The Incentive will consist of an annual allocation to the management of the BBVA Group (including the executive directors and members of the senior management) of a number of units to each. These units will act as the basis to determine the number of ordinary shares of BBVA deliverable on the settlement date of the Incentive, where applicable, and will be associated to the degree of compliance with various Group-level indicators that will be determined every year.

For 2011, the indicators established are as follows:

- Performance of the Bank's Total Shareholder Return (TSR) from 1<sup>st</sup> January to 31<sup>st</sup> December 2011, 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, Credit Agricole, Barclays, Lloyds Banking Group, Royal Bank of Scotland, UBS, Credit Suisse, HSBC, Commerzbank, Citigroup, Bank of America, JP Morgan Chase, and Wells Fargo.
- Compliance with the budgeted recurrent Economic Profit in the Group.
- Compliance with the Net Attributable Profit targets in line with the Group's growth plans.

To calculate the exact number of BBVA shares deliverable to each beneficiary, the number of units initially allocated will be divided into three parts, each linked to one indicator according to the weightings established for each. Each of these will be multiplied by coefficients of between 0 and 2 as a function of a scale defined each year.

For TSR, the applicable coefficient will always be zero when the Bank is ranked below the median of its peer group.

The price of the shares deliverable under the Incentive will be the opening price listed on the market on the day of delivery.

**(b) Beneficiaries:** The Incentive is addressed to the members of the BBVA management that are in the management team when this Incentive comes into force, including executive directors and members of the senior management. For 2011, the initial estimate of the number of beneficiaries under the Incentive is 2,014. However, some may leave and others join the Incentive whilst it is in force.

**(c) Duration:** The Incentive will be applied annually, and will form part of the yearly variable remuneration of the BBVA management.

**(d) Settlement of the Incentive:** The Management Incentive will be settled during the first quarter of the year following the one in which the Incentive was accrued, without detriment to the cases of early settlement under conditions that may be established in the laying down the details for implementation of this resolution.

The shares corresponding to the settlement of the Incentive for 2011 will be delivered during the first quarter of 2012. The beneficiaries may avail these shares in the following manner: ( 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 passed from the settlement date; and (iii) the remaining 30% will become transferrable once two years have passed from the Incentive settlement date. All this will be done under the terms and conditions established by the Board of Directors. These constraints on the availability of shares will not be applicable to beneficiaries included in section 1.2. below, which describes the specific features determined for these beneficiaries.

Each year the Board of Directors will determine the date on which the Incentive shares will be delivered and also, where applicable, the specific criteria for deferral and availability.

**1.2.** The following is established for beneficiaries of the Incentive who perform professional activities with a material impact on the Bank's risk profile and control and oversight functions, and for executive directors and members of the BBVA Group senior management:

- If as a consequence of the settlement of the Incentive referred to in section 1.1. above, the shares deliverable to them do not account for at least 50% of their annual variable remuneration, the shortfall will be topped up in shares, so that they receive at least 50% of their annual variable remuneration in shares and the remaining amount in cash.

- In order to determine the number of shares deliverable in the event of the aforementioned adjustment, the price applied will be the average closing price of the BBVA shares over the trading sessions between 15<sup>th</sup> December and 15<sup>th</sup> January, both inclusive, prior to the date on which the variable annual remuneration is determined.
- The shares received on settlement of the variable remuneration in shares will be subject to specific deferral criteria. Thus, 60% will be delivered during the first quarter of the year following the year to which the variable remuneration corresponds; whilst delivery of the remaining 40% will be deferred, with one third paid out each year during the three year period as of the first date of delivery, without detriment of early settlement that may be established when laying down the details for implementing this resolution. This deferred percentage will be increased up to 50% for executive directors and members of senior management.
- The shares corresponding to the variable remuneration will be unavailable for one year as of their delivery under the terms and conditions established by the Board of Directors. The Board of Directors will also establish the circumstances that may limit or block, in some cases, the delivery of the shares under deferral.

Each year the Board of Directors will also determine the date on which the shares will be delivered and, where applicable, the specific criteria for deferral and the timing with which they will become available.

**1.3.** The maximum number of BBVA shares deliverable, where applicable, to the management as a consequence of the System of Variable Remuneration in Shares for the management is 17.5m ordinary shares, representing 0.39% of the current ordinary share capital of Banco Bilbao Vizcaya Argentaria, S.A. for 2011. Of these, a maximum of 600,000 ordinary shares (representing 0.01% of the share capital) may be for executive directors and 1.7m ordinary shares (representing 0.03% of the share capital) for other members of the senior management.

The Company may earmark the shares comprising its treasury stock to cover the shares indicated in the previous paragraph or may use another suitable financial system that the Company may determine.

**2.-** Authorise the Board of Directors, pursuant to article 249 of the Capital Companies Act, to pass on to the Executive Committee the powers delegated to it by the General Meeting regarding the foregoing resolutions, with express authority for substitution by the Chairman of the Board, the Chief Operating Officer or any other Director or proxy of the Bank; and implement whenever and however it deems suitable, develop, formalise, execute and settle the System of Variable Remuneration in Shares for the management described in point 1 above, including the Incentive for the management, adopting any resolutions

and signing any public or private documents that may be necessary or advisable for full effectiveness, with powers to correct, rectify, amend or supplement this resolution and, in particular, but in no way limited to, the following powers:

- (a) To implement the System of Variable Remuneration in Shares for management when it deems it advisable and in the specific form it deems appropriate.
- (b) To develop and establish the specific terms and conditions for the System of Variable Remuneration in Shares for the management with respect to everything not envisaged in this resolution. This includes, but is not limited to, establishing the circumstances under which the System would be settled early and declaring compliance with the conditions that may, where applicable, be linked to such early settlement.
- (c) To draw up, sign and present any additional communications and documents that may be necessary or advisable before any public or private body in order to implement and execute and settle the System of Variable Remuneration in Shares, including, where necessary, the corresponding protocols.
- (d) To engage in any action, declaration or arrangement with any public or private, domestic or international body or entity or registry to obtain any permit or verification needed to implement, settle and execute the System of Variable Remuneration in Shares.
- (e) Negotiate, agree and sign counterparty and liquidity contracts with the financial institutions it freely designates, under the terms and conditions it deems suitable.
- (f) To draw up and publish any announcements that may be necessary or advisable.
- (g) To draw up, sign, grant and, where applicable, certify any kind of document relating to the System of Variable Remuneration in Shares.
- (h) To adapt the contents of the System to the circumstances or corporate operations that may occur during its term, relating both to BBVA and the peer banks in its benchmark group, such that the System continues to perform under the same terms and conditions.
- (i) And, in general, engage in any acts and sign any documents that may be necessary or advisable for the validity, efficacy, implementation, development, execution, settlement and success of the System of Variable Remuneration in Shares and the previously adopted resolutions.

**PROPOSED RESOLUTIONS UNDER AGENDA ITEM EIGHT FOR THE ANNUAL GENERAL MEETING OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A. SHAREHOLDERS, TO BE HELD 11<sup>TH</sup> MARCH 2011.**

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1.- Extend for an addition five years the initially established duration for the system of remuneration for non-executive directors of Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter "BBVA") based on the deferred delivery of BBVA shares, which was adopted by resolution of the General Meeting, 18<sup>th</sup> March 2006, under agenda item eight (hereinafter the "**System of Variable Remuneration with Deferred Delivery of Shares**" or the "**System**"), also increasing the maximum number of shares initially established, maintain all the other terms and conditions established in said resolution, pursuant to the following:

- (a) **Description:** The System of Variable Remuneration with Deferred Delivery of Shares comprises yearly allocation of "theoretical shares" to the non-executive directors of BBVA as part of their remuneration which, where applicable, will be delivered to them on the date they leave their seat for any reason other than grave dereliction of duty.

For such purposes, the non-executive directors named as beneficiaries of the System by the Bank's Board of Directors will be allocated a number of "theoretical shares" for a value equivalent to 20% of their total remuneration paid the previous year according to the average of the BBVA share closing price over the sixty (60) trading sessions prior to the dates of the Annual General Meetings that adopt the financial statements corresponding to the years covered by the System.

- (b) **Beneficiaries:** The System of variable remuneration with deferred delivery of shares is addressed to non-executive BBVA directors who hold such directorship at any time and are named as beneficiaries by the Board of Directors.
- (c) **Duration:** The period initially established for the System under General Meeting resolution, 18<sup>th</sup> March 2006 at five years is extended for an additional five-year period. Nonetheless, partial settlements may be made under the terms and conditions of section a) above, and the General Meeting may resolve a further extension of the System of variable remuneration with deferred delivery of shares.
- (d) **Number of shares:** The number of 400,000 ordinary BBVA shares initially established for the System of Variable Remuneration with Deferred Delivery of Shares under General Meeting resolution, 18<sup>th</sup> March 2006 at five years is increased with an additional 600,000 ordinary shares, representing 0.01% of the Bank's share capital at the date of this

resolution. The total number of shares allocated to the System will thus be 1,000,000 (one million) shares, representing 0.02% of the Bank's share capital.

- (e) **Coverage:** The Company may put shares that comprise or come to comprise its treasury stock into covering the System or it may use any other suitable financial instrument that the Company may determine.

2.- Confer authority on the Board of Directors such that, pursuant to article 249 of the Capital Companies Act, it may pass on to the Executive Committee the powers delegated to it by the General Meeting regarding the foregoing resolutions, with express authority for substitution by the Chairman of the Board, the Chief Operating Officer or any other Director or proxy of the Bank; and such that it may develop, formalise and dispose the execution and settlement of the System of variable remuneration with deferred delivery of shares, adopting any resolutions that may be necessary for this, and in particular, but in no way limited to the following:

- (a) To name the beneficiaries of the System of variable remuneration with deferred delivery of shares at any time and determine the number of "theoretical shares" allocated to each of them under the terms and conditions of this resolution.
- (b) To develop and set the specific terms and conditions for the System insofar as these are not established in this resolution.
- (c) Authorised the granting of counterparty and liquidity agreements with the financial institutions it freely designates, under the terms and conditions it deems appropriate.
- (d) Adapt the content of the System to the circumstances or corporate operations that may occur during its term, should any event arise that in its opinion may significantly affect the objectives and basic terms and conditions originally established.



**PROPOSED RESOLUTIONS UNDER AGENDA ITEM NINE FOR THE ANNUAL GENERAL MEETING OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A. SHAREHOLDERS, TO BE HELD 11<sup>TH</sup> MARCH 2011.**

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Re-elect Deloitte, S.L. as auditors for the accounts of Banco Bilbao Vizcaya Argentaria, S.A. and the Banco Bilbao Vizcaya Argentaria Group for 2011. Deloitte, S.L. is domiciled in Madrid, at Plaza Pablo Ruiz Picasso, 1 - Torre Picasso and its tax code is B-79104469; filed under number S-0692 in the official registry of account auditors in Spain, and in the Madrid Mercantile Registry under tome 13,650, folio 188, section 8, sheet M-54414.

**PROPOSED RESOLUTIONS UNDER AGENDA ITEM TEN FOR THE ANNUAL GENERAL MEETING OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A. SHAREHOLDERS, TO BE HELD 11<sup>TH</sup> MARCH 2011**

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Adoption of the amendment to the following articles in the Company Bylaws: *Article 1 Name, Article 6 Increase or reduction of capital, Article 9 Call on shares, Article 13 ter Preference shares, Article 15 Rights of shareholders, Article 16 Obligations of the shareholders, Article 19 Classes of Meetings, Article 20 Convening of meetings: the authority responsible, Article 21 Form and content of the convening notice, Article 22 Place of Meeting, Article 24 Proxies (to allow the shareholder to be represented by any person), Article 28 Matters to be considered by Meetings, Article 30 Powers of the Meeting, Article 31 Adopting resolutions, Article 32 Minutes of the Meetings, Chapter Four: The Board Committees, Article 48 Audit Committee, Article 51 Financial year, Article 52 Preparation of the Annual Accounts, Article 53 Allocations of results, Article 54 Grounds of dissolution, Article 56 Liquidation phase and suppression of the Additional Provisions: One, Two and Three, for their adaptation to the amendments brought in under the consolidated text of the Capital Companies Act, adopted by Legislative Royal Decree 1/2010, 2<sup>nd</sup> July and to Act 12/2010, 30<sup>th</sup> June, amending Act 19/1988, 12<sup>th</sup> July, on the auditing of accounts, Act 24/1988, 28<sup>th</sup> July, on securities exchanges, and the consolidated text of the Companies Act adopted under Legislative Royal Decree 1564/1989, 22<sup>nd</sup> December, and to bring in certain technical enhancements:*

**“Article 1. Name.**

*The Company is called BANCO BILBAO VIZCAYA ARGENTARIA, S.A. (the "Bank" or the "Company") and will be governed by the law, these Bylaws and other applicable legal provisions.*

**Article 6. Increase or reduction in capital.**

*The Bank's capital may be increased or reduced by a resolution of the General Meeting of Shareholders, without prejudice the provisions of Article 30 , section c) and d) of these Bylaws.*

*The increase in the share capital may be made by issuing new shares or by increasing the nominal value of existing ones. In both cases, the exchange value of the increase in capital may consist both of new contributions, pecuniary or otherwise, to the company assets, including the set-off of credits against the Company, or a charge against earnings or reserves or earnings that already appeared on the latest balance sheet approved.*

*In increases of share capital with the issue of new shares, whether ordinary or preference, payable by pecuniary contribution, shareholders will have the right to subscribe a number of shares proportional to the nominal value of the shares they own, within the term granted to them for this purpose by the Company Board of Directors, which shall be not less than fifteen days from the publication of the announcement of the offering for subscription of the new issue in the Official Gazette of the Companies Registry (Boletín Oficial del Registro Mercantil).*

*The preferential subscription right will be transferable on the same conditions as the shares from which it derives. In increases of capital charged to reserves, the same rule shall apply to the rights of free allocation of the new shares.*

*The preferential subscription right will not apply when the increase of capital is due to the take-over of another company or of all or part of the split-off assets of another company or the conversion of debentures into shares.*

*In cases in which the interests of the Company so require, the General Meeting, when deciding on an increase of capita, may resolve, subject to the legally established requirements, to totally or partially eliminate the preferential subscription right.*

#### **Article 9. Pending Disbursements**

*Where any shares are not paid up in full, shareholders must pay the undisbursed part at the time that the Board of Directors may determine, within a maximum period of five years as of the date of the resolution to increase the capital. The form and other circumstances regarding the disbursement will be subject to the provisions in the resolution to increase the capital.*

*The requirement to pay the pending disbursements will be notified to the shareholders affected or will be announced in the Official Gazette of the Companies Registry. There must be at least one month between the date of sending the communication or the announcement and the payment date.*

*Shareholders in default of payment on the pending disbursements may not vote. The amount of the shares of such shareholder shall be deducted from the share capital for the computation of the quorum. Shareholders in default will not be entitled to collect dividends or to preference subscription of new shares or convertible bonds.*

*Should the term established for payment elapse, without payment having been made, the Bank, depending on the cases and the nature of the disbursement not made, may either demand compliance with the obligation with payment of the legal interest and the loss and damage caused by the delay or proceed to dispose of the shares without liability on behalf of the defaulting shareholder. In such case, the sale of the shares will be verified by an official member of the secondary market on which the shares are listed, or otherwise through a*

*commissioner for oaths, and, where applicable, it shall entail the replacement of the original share certificate by a duplicate.*

*The proceeds from the sale, as may be the case, after deducting expenses, shall be in the possession of the Bank and they shall be allocated to cover the overdraft of the cancelled shares and should any balance arise, it shall be delivered to the holder.*

*Should it not be possible to make the sale, the share will be redeemed, with the subsequent reduction in capital, the amounts already paid up remaining in the Company earnings.*

*Should partially paid-up shares be transferred, the acquiring shareholder, together with all the preceding transferors, at the choice of the Board of Directors, shall be jointly and severally liable for payment of the outstanding amount. The transferors shall be liable for a term of 3 years reckoned after the date of the respective transfer.*

*The provisions of this article shall not impede the Bank from using any of the means contemplated in applicable legislation against the defaulting shareholders.*

### **Article 13. *ter* Preference shares**

*The Company may issue shares which grant a privilege over ordinary shares under the legally established terms and conditions, complying with the formalities prescribed for the amendment of the Company Bylaws.*

## **Article 15. Rights of shareholders**

*The following are the rights of the Bank's shareholders and may be exercised within the conditions and terms and subject to the limitations set out in these Bylaws:*

*a) To participate, in proportion to the paid up capital, in the distribution of the company's earnings and in the assets resulting from liquidation.*

*b) Preemptive subscription right in the issue of new shares or debentures convertible into shares.*

*c) To attend General Meetings, in accordance with article 23 hereof, and to vote at these, except in the case of nonvoting shares, and also to challenge corporate resolutions.*

*d) To call for ordinary or extraordinary General Meetings, under the terms and conditions set out in the Companies Act and these Bylaws.*

*e) To examine the Annual Accounts, the Management Report, the proposed allocation of results and the Report of the Auditors, and also, if appropriate, the Consolidated Accounts and Management Report, in the manner and within the time limit provided in article 29 hereof.*

*f) The right to information, pursuant to applicable legislation and these Bylaws.*

*g) For the member and persons who, where appropriate, have attended the General Meeting of Shareholders as proxies for non-attending members, to obtain at any time certified copies of the resolutions and of the Minutes of General Meetings..*

*h) In general, all rights that may be recognized by a statutory provision or by these Bylaws.*

#### **Article 16. Obligations of the shareholders**

*Shareholders have the following obligations:*

*a) To abide by the Bylaws and by the resolutions of General Meetings, of the Board of Directors and other bodies of government and administration.*

*b) To pay the portion of capital that may have been pending disbursement, when so required.*

*c) To accept that the Courts of competent jurisdiction shall be determined on the basis of the location of the registered office of the Bank for the resolution of any differences that the shareholder, as such may have with the Company, and for that purpose the shareholder shall be deemed to have waived the right to have recourse to the Courts of his own locality.*

*d) All other obligations deriving from legal provisions or from these Bylaws.*

#### **Article 19 Classes of Meetings**

*General Meetings of Shareholders may be Ordinary or Extraordinary. The Ordinary General Meeting, convened as such, will necessarily meet within the first six months of each year. It will give approval, where forthcoming, of the corporate management, the accounts for the previous year and resolve as to the allocation of results, without prejudice to such resolutions as it may adopt, within the scope of its powers, concerning any other item on the agenda or that are allowed by law*

*provided that the General Meeting is attended by the number of shareholders and the portion of capital required by law or the Bylaws in each case.*

*Every Meeting other than that provided for in the previous paragraph will be considered an Extraordinary General Meeting.*

#### **Article 20. Convening Meetings.**

*General Meetings shall be convened at the initiative of the Board of Directors whenever it deems this necessary or advisable for the Company's interests, and in any case on the dates or in the periods determined by law and these Bylaws.*

*If requested by one or several shareholders representing at least five per cent of the share capital, the Board of Directors must also convene a General Meeting. The request must expressly state the business to be dealt with. In such event, the Board of Directors must convene the Meeting so that it is held within the legally established period as of the date on which the Board of Directors is served duly attested notice to convene it. The agenda must without fail include the matters to which the request for a meeting referred.*

#### **Article 21. Form and content of the convening notice**

*General Meetings, whether Ordinary or Extraordinary, must be convened by means of announcements published in the Official Gazette of the Companies Registry and on the Company website, within the notice period required by law, except when legal provisions establish other media for disseminating the notice.*

*The notice shall indicate the date, time and place of the meeting on a first convening and its agenda, which will give all the business that the Meeting will deal with, and any other references that may be required by law. The date on*



*which the meeting should be held on a second convening may also be placed on record in the announcement.*

*At least twenty-four hours should be allowed to elapse between the first and second meeting.*

*The Board of Directors may consider technical media and the legal bases that enable and guarantee remote attendance at the General Meeting and will evaluate the possibility of organising attendance over remote media.*

#### **Article 22. Place of meeting**

*Except in events established by law for Universal General Meetings, General Meetings shall be held at the municipal area where the Company has its registered office, on the date indicated in the convening notice, and sessions may be extended for one or more consecutive days at the request of the Board of Directors or of a number of shareholders representing at least one quarter of the capital present at the meeting, and also may be transferred to a place other than that indicated in the convening notice, within the same municipal area, with the knowledge of those present, in the event of force majeure.*

#### **Article 24. Proxies**

*Any shareholder entitled to attend may attend meetings represented by another person, who need not necessarily be a shareholder.*

*The proxy must be conferred specifically for each General Meeting, using the proxy form established by the Company, which shall be recorded on the attendance card. A single shareholder may not be represented at the General Meeting by more than one proxy.*

*Likewise, authorisation may be conferred by means of remote communications that comply with the requirements established by law.*

*The appointment of a proxy by a fiduciary or merely apparent shareholder may be rejected.*

### **Article 28. Matters to be considered by the Meetings**

*At Ordinary and Extraordinary General Meetings, only matters which are specifically indicated in the convening notice may be dealt with, except as provided for by law.*

### **Article 30. Powers of the Meeting**

*The General Meeting of Shareholders has the following powers:*

*a) Modify the Company Bylaws, and also confirm or rectify the interpretation of these made by the Board of Directors.*

*b) Determine the number of Directors to form the Board of Directors, appoint, re-elect and dismiss Board members, and ratify or revoke the provisional appointments of such members made by the Board of Directors.*

*c) Increase or reduce the share capita delegating, where appropriate, to the Board of Directors the power to indicate, within a maximum time, pursuant to law, the date or dates of its execution, who may use all or part of that power or even refrain from doing so in consideration of the conditions in the market, in the Company itself or of any fact or event of social or economic importance which makes this decision advisable, reporting on this at the first General Meeting held when the term set for its execution has elapsed.*

*d) Authorise the Board of Directors to increase share capital as established by law. When the General Meeting delegates such power, it may also confer powers to exclude the preferential subscription right over the share issues referred to in the authority, under the terms and conditions and with the requirements established by law.*

*e) Delegate to the Board of Directors the amendment of the nominal value of the shares representing the share capital, re-wording article 5 of the Company Bylaws.*

*f) Issue debentures, bonds or other securities recognising or creating debt, whether senior, mortgage, exchangeable or convertible, with fixed or variable interest, which may be subscribed in cash or in kind, or under any other condition of profitability or entailment, modality or characteristic. The General Meeting may also authorise the Board of Directors to make said issues. It may also confer authority on the Board of Directors to exclude or limit the preferential subscription right over the convertible debenture issues under the terms and conditions and with the requirements established by law. In the event of convertible debenture issues, the General Meeting will approve the conditions and modalities of the conversion and the increase of the share capital by the amount necessary for the purposes of the said conversion, as established by law.*

*g) Examine and approve the annual accounts, the proposal on the application of result and the Company management for each financial year and also, where appropriate, the consolidated accounts.*

*h) Appoint, re-elect and dismiss the auditors.*

*i) Approve the transformation, merger, split, global assignment of assets and liabilities, dissolution and offshoring of the registered offices.*

*j) Make a statement on any other matter reserved to the Meeting by legal provision or by these Bylaws.*

*k) To approve its Regulations and any later amendments, pursuant to the Board of Director's proposal regarding these.*

### **Article 31. Adopting resolutions**

*At ordinary and/or extraordinary General Meetings, resolutions shall be adopted with the majorities required by law and by these Bylaws.*

*Every shareholder attending the General Meeting shall have one vote for each share owned or represented, however much has been paid up for it.*

*Shareholders who are not up to date in the payment of calls for pending disbursements shall not have the right to vote, but only with regard to the shares whose call disbursements has not been paid. Nor shall holders of shares without voting rights.*

*Shareholders may delegate or exercise their vote on proposals regarding matters in the agenda items at any kind of General Meeting by postal correspondence, electronic correspondence or any other remote means of communication, provided that the identity of the person exercising their voting right is duly guaranteed.*

*The Board of Directors may draw up the suitable rules, means and procedures to instrument the voting process and the granting of proxy over remote media, complying with the requirements established by law.*

## **Article 32. Minutes of Meetings**

*The Secretary of the Meeting shall prepare minutes thereof which shall be entered in the minute book; the minutes may be approved by the Meeting itself at the end of the session, and failing that, within a period of fifteen days, by the Chairman of the General Meeting and two shareholders examiners, one representing the majority and the other the minority.*

*The corporate resolutions may be implemented as of the date of approval of the minutes in which they appear.*

*The minutes of the meeting will be signed by the Secretary and countersigned by the Chairman.*

*Any certificates that are issued in connection with the minutes once approved, will be signed by the Secretary and, failing that, by the Secretary of the Board of Directors, and countersigned by the Chairman or, as the case may be, by the Chairman of the Board of Directors.*

*The Board of Directors may request the presence of a notary public to take minutes of the proceedings.*

## **Chapter Four: On Board Committees**

*To assist in the performance of its duties, the Board of Directors may set up the committees it deems necessary to help it on questions within the scope of its powers.*

**Article 48. Audit Committee.**

*However, for the supervision both of the financial statements and of the exercise of the control and oversight function, the Board of Directors shall have an Audit Committee, which will have the powers and means it needs to perform its duties.*

*The Audit Committee shall comprise of a minimum of four non-executive directors appointed by the Board of Directors, who have due dedication, capacity and expertise necessary to pursue their duties. The Board shall appoint one of them to Chair the Committee, who must be replaced every four years, and may be re-elected to the post when one year has elapsed since he/she stood down. At least one of the Audit Committee members must be an independent director and be appointed taking into account his/her knowledge and expertise in accounting, auditing or in both.*

*The maximum number of members on the Committee shall be the number established in article 34 of these Bylaws, and there will always be a majority of non-executive directors.*

*The Committee shall have its own set of specific regulations, approved by the Board of Directors. These will determine its duties, and establish the procedures to enable it to meet its commitments. In all cases, the arrangements for calling meetings, the quorum for proper constitution and adoption and documentation of resolutions will be governed by the provisions of these Company Bylaws with respect to the Board of Directors.*

*The Audit Committee will have the powers established by law, by the Board Regulations and by its own regulations.*

**Article 51. Financial year.**

*The accounting periods of the Company shall be one year, coinciding with the calendar year, ending on 31<sup>st</sup> December each year.*

**Article 52. Annual Accounts.**

*The annual accounts and other accounting documents that must be submitted to the ordinary General Meeting for approval must be prepared in accordance with the chart established by prevailing provisions applicable to banking institutions.*

*The annual accounts, the management report, the proposal for allocation of results and the auditors' report and, where applicable, the consolidated financial statements and management report, will be given the publicity that is determined at any time by prevailing provisions and these Bylaws.*

**Article 53. Allocation of results.**

*The General Meeting shall resolve on the allocation of results from the year, in accordance with the balance sheet approved.*

*The Company's net earnings will be distributed in the following order:*

*a) Endowment to insurance-benefit reserves and funds, required by prevailing legislation and, where applicable, to the minimum dividend mentioned under article 13 of these bylaws.*

*b) A minimum of four percent of the paid-up capital, as shareholder dividend.*

c) *Four percent of the same to remunerate the services of the board of directors and the executive committee, unless the board itself resolves to reduce this percentage in years when it deems this to be appropriate. The resulting figure shall be made available to the board of directors to distribute amongst its members at the time and in the form and proportion that it determines. The resulting amount may be paid in cash or, if the General Meeting so resolves pursuant to the law, by delivery of shares, share options or remuneration indexed to the share price.*

*This amount may only be taken out after the shareholders' right to the minimum 4% dividend mentioned above has been duly recognised.*

**Article 54. Grounds of dissolution.**

*The Bank will be dissolved under the circumstances laid down in that respect by prevailing legislation.*

**Article 56. Liquidation phase.**

*Once the dissolution has been resolved, the liquidation phase shall commence and although the Company shall retain its legal status, the representative capacity of the directors and other authorised agents to enter into new contracts and contract new obligations shall cease, and the liquidators shall assume the functions attributed to them by law.*

*The liquidation of the Company will be done in compliance with the prevailing legal provisions at any time.”*



**PROPOSED RESOLUTIONS UNDER AGENDA ITEM ELEVEN FOR THE ANNUAL GENERAL MEETING OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A. SHAREHOLDERS, TO BE HELD 11<sup>TH</sup> MARCH 2011**

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*Adoption of the amendment to the following articles of the General Meeting Regulations: Article 2. Types of General Meetings, Article 3. Powers of the General Meeting, Article 4. Convening the Meeting, Article 5. Notice of Meeting, Article 9. Proxies at the General Meeting, Article 10. Form of proxy, Article 11. Place and procedures, Article 18. Conducting the General Meeting and Article 20. Adopting resolutions, to bring them into line with the amendments contained in the consolidated text of the Capital Companies Act, adopted by Legislative Royal Decree 1/2010, 2<sup>nd</sup> July, and to match the wording of the Company Bylaws, whose amendment is also proposed under agenda item ten, and to update them and bring in technical enhancements, such that the articles would be worded as follows:*

***“Article 2. Types of General Meetings***

*General Meetings of Shareholders may be annual or extraordinary.*

*The Annual General Meeting (AGM), convened as such, must necessarily meet within the first six months of each year. It will give approval, where forthcoming, of the corporate management, the accounts for the previous year, and resolve as to the application of profits. However, it will also be able to resolve on any other business on the agenda or that are allowed by law, within the scope of its powers, provided that the General Meeting is attended by the number of shareholders and the portion of capital required by law or the Bylaws in each case.*

*Any other General Meetings held by the Company will be considered Extraordinary General Meetings. (EGMs).*

### **Article 3. Powers of the General Meeting**

*In accordance with the Law and the Corporate Bylaws, the General Meeting is empowered to:*

*i) Amend the Corporate Bylaws and confirm and rectify the interpretation of said Bylaws by the Board of Directors.*

*ii) Determine the number of seats on the Board of Directors, appoint, re-elect and dismiss Board members, and ratify or revoke the provisional appointments of such members made by the Board of Directors.*

*iii) Increase or reduce the share capital. Where it sees fit, the General Meeting will confer authority to the Board of Directors powers to establish the date(s) of said increase/decrease, within a maximum period, and in accordance with the Law. It shall specify who may make use of the authority, in full or in part, or abstain from so doing, in light of conditions in the market and the company, and of any event or fact of corporate or financial importance that may make such decision advisable. The Board shall inform the first General Meeting held after the deadline for increasing/reducing capital of what it has done.*

*iv) Confer authority upon the Board of Directors to increase share capital as established by Law. When the General Meeting confers said authority, it may also empower the Board to exclude preferential subscription rights in share issues covered by the authority, under the terms and requirements established by Law.*

*v) Empower the Board of Directors to amend the nominal value of shares representing the Company's equity, re-wording article 5 of the Corporate Bylaws.*

*vi) Issue debentures, bonds or other securities recognising or creating debt, whether senior, mortgage-backed, exchangeable or convertible, with fixed or*

*variable interest, which may be subscribed in cash or in kind, or under any other condition of profitability or entailment, modality or characteristic. The General Meeting may also authorise the Board of Directors to make said issues. It may also confer authority on the Board of Directors to exclude or limit preferential subscription rights over the convertible debenture issues under the terms and conditions and with the requirements established by law. In the event of convertible debenture issues, the General Meeting will approve the conditions and modalities of the conversion and the increase of the share capital by the amount necessary for the purposes of the said conversion, as established by law.*

*vii) Examine and approve where appropriate, the Annual Accounts, the proposed application of profits and the Company management for each financial year and also, where appropriate, the Consolidated Accounts.*

*viii) Appoint, re-elect and dismiss the auditors.*

*ix) Approve the transformation, merger, split, global assignment of assets and liabilities, dissolution and offshoring of the registered offices.*

*xi) Pronounce on any other matter reserved to the General Meeting by law or under the Bylaws.*

*xii) Approve its Regulations and any later amendments, pursuant to the Board of Director's proposal regarding these.*

#### **Article 4. Convening the meeting**

*General Meetings shall be convened at the initiative of and according to the agenda determined by the Board of Directors.*

*It must necessarily convene them whenever it deems this necessary or advisable for the Company's interests, and in any case on the dates or in the periods determined by law and the Company Bylaws.*

*A General Meeting must also be convened if requested by one or several shareholders representing at least five per cent of the share capital. The request must expressly state the business to be dealt with. In such event, the Board of Directors must convene the General Meeting so that it is held within the legally established period as of the date on which the Board of Directors is served duly attested notice to convene it. The agenda must without fail include the matters to which the request for a meeting referred.*

#### **Article 5. Notice of meeting**

*Annual and Extraordinary General Meetings must be convened with the notice period required by law by means of an announcement published by the Board of Directors or its proxy, in the Official Gazette of the Companies Registry and on the Company website, except when legal provisions establish other media for disseminating the notice.*

*The notice shall state the date, time and place of the Meeting at first summons and its agenda, which will give all the business that the Meeting will deal with, and any other references that may be required by law.*

*It must also state the date on which the General Meeting will be held at second summons. There must be at least twenty-four hours between the first and second summons.*

*The notice of meeting for the General Meeting shall state the shareholders' right, as of the date of its publication, to immediately obtain at the registered offices, free*

*of charge, any proposed resolutions, reports and other documents required by Law and by the Bylaws.*

*It shall also include necessary data regarding shareholder information services, indicating telephone numbers, e-mail addresses, offices and opening hours.*

*Documents relating to the General Meeting shall be hung on the company Website, with information on the agenda, the proposals from the Board of Directors, and any relevant information shareholders may need to issue their vote.*

*Where applicable, information shall be provided on how to follow or attend the General Meeting over remote media systems, when this has been established, pursuant to the Company Bylaws. Information on anything else considered useful or convenient for the shareholders for such purposes will also be included*

*Shareholder representing at least five per cent of the share capital may request a supplement to the notice calling a General Meeting be published adding one or more agenda items. The right to do this may be exercised by duly attested notification to the Bank registered head office during the five days after the call to meeting is published. The supplement to the notice of meeting must be published at least fifteen days prior to the date on which the General Meeting is scheduled.*

*Pursuant to applicable legislation, the Company will establish an Online Shareholder Forum on its website on the occasion of each General Meeting, providing access with due guarantees both for individual shareholders and any voluntary associations that may be set up, in order to facilitate their communication in the run-up to the General Meeting. Shareholders may post proposals on the Online Forum that they intend to present as supplements to the agenda announced in the notice of meeting; requests to second such proposals; initiatives to reach the threshold for minority rights established by law; and offers or requests for voluntary proxy.*

**Article 9. Proxies at the General Meeting**

*Any shareholder entitled to attend may be represented at the General Meeting by another person, who need not necessarily be a shareholder.*

*The proxy must be conferred specifically for each General Meeting, using the proxy form established by the Company, which shall be recorded on the attendance card. A single may not be represented at the General Meeting by more than one proxy.*

*Representation conferred to someone who may not act proxy by law shall not be valid nor enforceable. Nor shall representation conferred by a fiduciary or apparent holder.*

*Proxies must be conferred in writing or by remote communication media that comply with the requirements of law regarding remote voting. They must be specific for each General Meeting.*

*Representation shall always be revocable. Should the shareholder represented attend the General Meeting in person, his/her representation shall be deemed null and void.*

**Article 10. Form of proxy**

*The form of proxy must always comply with the Law.*

*The form of proxy must contain or be attached to the agenda, and include request for voting instructions indicating the general way in which the proxy shall vote should no precise instructions be given.*

*When the directors send out a form of proxy, the voting rights corresponding to the shares represented shall be exercised by the Chairman of the General Meeting, unless otherwise indicated in the form. Shareholders giving no specific voting instructions will be deemed to vote in favour of the proposals presented by the Board of Directors at each General Meeting.*

*Should the directors or others send out a form of proxy, the director granted said proxy may not exercise the voting rights corresponding to the shares represented, on agenda items that may lead to a conflict of interests, and in no event may the representative vote regarding the following resolutions:*

- Their appointment or ratification in a directorship.*
- Their dismissal, severance or resignation from a directorship.*
- Legal proceedings against the representative by the company.*
- Approval or ratification, where applicable, of company operations with the director in question, companies said director may control or represent or persons acting to his/her account.*

*In these cases, another director or a third party may be designated as representative who is not affected by the conflict of interests.*

*The authority conferred may also cover items that the General Meeting deals with that were not included on the agenda in the notice of meeting. In such event, the provisions of the previous paragraph shall also apply.*

*Forms of proxy may also be sent out by e-mail in compliance with the prevailing regulations at any time.*

## **Article 11. Place and Procedures**

*The General Meetings shall be held in the municipal area where the Company offices are registered, on the day established in the notice of meeting. Its sessions may be extended over one or more consecutive days at the behest of the Board of Directors or of shareholders representing at least one quarter of the capital present at the General Meeting.*

*The Board of Directors may, in the event of force majeure, decide to hold the General Meeting somewhere other than initially established, within the same municipal area, provided it informs shareholders of this with due publicity.*

*This information requirement will be satisfied with the publication of an announcement in a national newspaper and on the Company's Website, and by posting announcements in the place initially established for holding the General Meeting.*

*In the event of force majeure, the Board of Directors may decide that the General Meeting be moved once it has begun to a different site within the same municipal area.*

*The meeting may be held in separate rooms provided there is audiovisual equipment to permit the unity of the event through real-time interactivity and intercommunication between the rooms. The right of all shareholders attending to take part in the General Meeting and their entitlement to exercise the voting rights must be duly guaranteed.*

## **Article 18. Organisation of the General Meetings**

*The proposed resolutions filed by the Board of Directors shall then be read out, unless the General Meeting deems this unnecessary.*



*Should the General Meeting be held in the presence of a Notary Public, the Secretary shall give the Notary the corresponding proposed resolutions so that they are properly set down in the minutes.*

*After the corporate speakers address the meeting in the order established by the Chair, the floor will be opened to the shareholders to ask their questions, request information or clarification regarding agenda items or formulate proposals in the terms established by Law.*

*Shareholders wishing to speak shall identify themselves, indicating their forename, surname and number of shares held or represented. Should they wish their words to be included in or annexed to the minutes of the General Meeting, they must deliver them in writing and duly signed to the Secretary of the General Meeting or the Notary, as applicable, prior to taking the floor.*

*The floor will be opened in the fashion established by the Chairman who, in view of circumstances, may determine the amount of time to be allotted to each speaker. The Chairman shall try to ensure that the same time is allotted to each. However, the Chairing Committee may:*

- i) Extend the time initially allotted to each shareholder to speak, when the shareholder's intervention so merits.*
- ii) Request speakers to clarify or expand on questions they have brought up that it does not deem to have been sufficiently explained, in order to clearly discern the content and subject-matter of their proposals or statements.*
- iii) Call speakers to order when they over-run time, or when the proper operation of the General Meeting may be jeopardised. It may also withdraw their right to the floor.*

*Once the shareholders have had their say, they will be given answers. The information or clarification requested shall be given by the Chairman or, where applicable and at the Chairman's behest, by the Chief Operating Officer, another Director or any other employee or expert in the matter. Should it not be possible to satisfy the shareholders' right at the time, the information shall be facilitated in writing within seven days after the General Meeting has finished.*

*Directors are obliged to provide the information requested in the terms expressed above, except in cases established under Article 6 of these Regulations.*

*The above notwithstanding, the Chair, in pursuit of its duties, may order the General Meeting to be run in the fashion it considers most proper. The Chair may modify the established protocol as demanded by timing and organisational needs arising at any time*

#### **Article 20. Adoption of resolutions**

*The resolutions shall be adopted with the majorities required by law and by the Corporate Bylaws.*

*Every shareholder attending the General Meeting shall have one vote for each share owned or represented, however much has been paid up for it. However, shareholders who are not up to date in the payment of calls for subscribed capital will not have the right to vote, but only with regard to the shares whose pending disbursement has not been paid. Holders of shares without voting rights may not vote.*

*To determine the outcome, votes emitted in the General Meeting minutes by shareholders and proxies shall be counted along with those emitted by proxy as a consequence of a public request for proxies under the terms of said proxy, and*

*those emitted by post or e-mail or any other remote means of communication complying with the requirements.*

*The Chair shall inform the shareholders whether or not the resolutions proposed to the General Meeting have been approved when it has proof that there were sufficient votes to reach the majorities required for each resolution.*

**PROPOSED RESOLUTIONS UNDER AGENDA ITEM TWELVE FOR THE ANNUAL GENERAL MEETING OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A. SHAREHOLDERS, TO BE HELD 11<sup>TH</sup> MARCH 2011.**

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Confer authority to the Board of Directors, with express powers to pass on this authority to the Executive committee or the director(s) it deems pertinent or the Company & Board Secretary, the most broad-ranging faculties required under law for the fullest implementation of the resolutions adopted by this AGM, making any arrangements necessary to obtain due permits and/or filings from the Bank of Spain, the Ministry of the Economy & Finance, the Stock Exchange Supervisor (CNMV), the entity charged with recording book entries, the Companies Registry and any other public- or private-sector bodies To such ends, they may (i) establish, interpret, clarify, complete, develop, amend, remedy omissions and adapt the aforementioned resolutions according to the verbal or written qualifications of the Companies Registry and any competent authorities, civil servants or institutions, without any need to consult again with the General Meeting; (ii) draw up and publish the announcements required by law; (iii) place the aforementioned resolutions on public record and grant any public and/or private documents they deem necessary or advisable for their implementation; (iv) deposit the annual accounts and other mandatory documentation at the Companies Registry and (v) engage in any acts that may be necessary or advisable to successfully implement them and, in particular, to have them filed at the Companies Registry or in other registries in which they may be fileable.

**PROPOSED RESOLUTIONS UNDER AGENDA ITEM THIRTEEN FOR THE ANNUAL GENERAL MEETING OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A. SHAREHOLDERS, TO BE HELD 11<sup>TH</sup> MARCH 2011.**

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Submit to a consultative vote the approval of the Report on the Board of Directors Remuneration Policy, whose text has been made available to shareholders along with the rest of the documents regarding the General Meeting since the notice of meeting was published.

***Report presented by the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A., pursuant to articles 286, 297.1.b) and 506 of the Capital Companies Act (consolidated text approved under Legislative Royal Decree 1/2010, 2nd July) regarding the proposal to confer authority on the Board of Directors to increase share capital, up to a maximum of 50% of the Bank's share capital at the time when the resolution is adopted, with powers to withdraw the right of pre-emptive subscription, referred to under agenda item four of the General Meeting, convened for 10th and 11th March 2011 at first and second summons, respectively.***

*This report is filed by the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A. ("BBVA" or the "Bank") in compliance with articles 286, 297.1.b) and 506 of the Capital Companies Act (consolidated text approved under Legislative Royal Decree 1/2010, 2nd July, hereinafter the "Capital Companies Act") regarding the proposed resolution to be presented to the General Meeting of shareholders, regarding the conferral of authority on the Board of Directors to increase share capital pursuant to article 297.1.b) of the Capital Companies Act, with powers to withdraw the right of pre-emptive subscription pursuant to article 506 therein.*

*Article 286 of the Capital Companies Act, regarding the amendment of Bylaws, with respect to article 297.1.b), makes it mandatory for directors to draw up a written report containing the grounds for the proposed resolution. Article 506 of the Capital Companies Act, regarding the delegation to directors of powers to withdraw the right of pre-emptive subscription when arranging the issue of new shares, requires a directors report to be made available to shareholders from the time when the General Meeting is called, providing the grounds for the proposal to confer this authority.*

### **1.- Applicable regulations**

*Article 297.1.b) of the Capital Companies Act enables the General Meeting, with the requirements established for the amendment of company Bylaws, to delegate authority to the directors to resolve to increase share capital, on one or various occasions, up to a specific figures, according to the timeliness and amount that they may decide, without first having to consult the General Meeting. These increases may in no event be greater than half the Company's capital at the time of authorisation and must be made by cash payments within the maximum term of five years as of the AGM resolution.*

*Article 506 of the Capital Companies Act establishes that, in listed companies, when the General Meeting confers on directors the authority to increase share capital, it may*

*also empower the Board of Directors to withdraw the right of pre-emptive subscription over the share issue that is subject to the authority, should the Company's best interests so require. To such effects, the notice of meeting in which the proposal to confer authority on the directors to increase share capital must also contain express reference to the proposal to withdraw the right of pre-emptive subscription. Likewise, once the General Meeting has been called, the shareholders will have access to a report from the directors providing the grounds for the conferral of such authority. Each time a resolution is adopted to increase capital under this authority, the directors' report and the auditors report required under article 308 of the Capital Companies Act must refer to each specific increase. The nominal value of the shares to be issued, plus, where applicable, the amount of the issue premium must correspond to the fair value coming from the report by said accounts auditor. These reports will be made available to the shareholders and communicated to the first General Meeting held after the increase resolution.*

## ***2.- Reasons for the proposal to grant authority to increase share capital***

*The proposed resolution being presented to the BBVA General Meeting is based on the grounds of the advisability of the Board of Directors having a mechanism, established under prevailing company law, that enables it to resolve to increase capital on one or more occasions without first having to call and hold a further General Meeting, albeit always within the limits, terms and conditions resolved by the General Meeting.*

*In this respect, article 297.1.b) of the Capital Companies Act grants a flexible financial instrument by allowing the General Meeting to confer authority on the Board of Directors to resolve capital increases that, within the limits authorised by the General Meeting and never for more than half the share capital at the time when the authority is conferred, may be necessary in view of the Bank's requirements and the situation of the*



*international financial markets in which the Bank is operating at any time, without needing to first hold a General Meeting.*

*Given that during 2010 the BBVA share capital has been increased and the authority conferred by the General Meeting in 2009 has been availed in part, as explained in more detail below, the BBVA Board of Directors deems it advisable for the General Meeting to confer new authority on the Board to increase the share capital up to a maximum of no more than 50% of the current figure for BBVA share capital.*

*Thus, it is proposed that the General Meeting, under the terms and conditions permitted by article 297.1.b), grant broad-ranging authority for the Board of Directors to decide at any time the terms and conditions for increasing capital that best match the specific transaction that may need to be made in the future, given that at the time of conferring authority it is impossible for the General Meeting to determine such specific terms and conditions.*

*This authority is a habitual resolution amongst the proposals that the General Meeting has adopted in the past, and similar conferral of authority is also contained in the proposed resolutions presented to the general meetings of the corporations listed on the IBEX.*

*The requirements that the market places on mercantile companies, especially publicly traded companies, means that their governing and management bodies are able to make use of the possibilities offered to them by the regulations to find speedy, efficient responses to requirements arising in the economic trading in which large companies are nowadays engaged. These requirements clearly include the need to endow the Company with new financial funding. This is frequently done by raising new equity capital.*

*However, on many occasions it is impossible to determine in advance exactly what the Company's requirements will be for further capital and anticipate the delays and increases in costs that may lead it to request the AGM to increase capital, making it hard for the Company to respond efficiently and flexibly to market needs. This makes it recommendable for the Board of Directors to be able to employ the mechanism of authorised capital established under Spanish legislation.*

*At present, this proposed resolution is based on the ground that the Bank's potential funding requirements in the current economic and financial scenario need to continue to be covered in this way and over time.*

*The authority that legal regulations recognise under article 297.1.b) of the Capital Companies Act is a suitable, flexible mechanism so that at any time, in an efficacious, responsive manner, the Bank may match its equity funds to any additional requirements that may arise. Furthermore, taking into account the current economic environment and the high market volatility, speedy implementation takes on special importance. It is a determining factor in successfully tapping potential additional funds, as was made clear in BBVA's recent capital increase.*

*With all these aims in sight, the General Meeting is presented with the proposal to confer authority on the Board of Directors to increase the Company's capital up to a maximum nominal amount equal to half the Company's share capital at the time of granting the authority, allowing it to avail this authority on one or several occasions.*

*The capital increases made under the authority proposed shall be effected by issuing and placing new shares. These shares may have voting rights or not, may be ordinary or preferred shares or shares of any other kind permitted under law, including redeemable shares, whose countervalue shall be paid up in cash.*

*The authority granted also extends to establishing the specific terms and conditions of each share capital increase and the characteristics of the shares to be issued. This includes establishing that if the issue is undersubscribed, the capital will be increased by the amount of subscriptions paid up, pursuant to article 311 of the Capital Companies Act, and re-drafting the article in the Bylaws on share capital and requesting the listing of the new shares.*

*The authority being proposed to the General Meeting will have a term of five years as of the date on which the General Meeting is held.*

***3.- List of the availments by the Board of Directors drawn down against the authority conferred by the Annual General Meeting, 13th March 2009 under agenda item five***

*As indicated in the proposed resolution, the authority proposed to the General Meeting repeals the authority granted by the AGM, 13th March 2009 under agenda item five, insofar as this remains unavailed. It is stated that the Board of Directors availed said authority on the following occasions:*

- a) In November 2010 the Board of Directors increased the Bank's share capital in an issue with pre-emptive voting rights for a total nominal amount of €364,040,190.36, issuing and placing 742,939,164 ordinary shares each with a nominal value of €0.49.*
- b) In its resolution to issue convertible bonds, 27th July 2009 (adopted under the authority conferred to grant convertible bonds by the AGM, 14th March 2008 under agenda item six), the Board agreed to increase share capital by the amount required to cover the conversion by the issue and placement of up to a maximum of 444,444,445 ordinary shares, each with a nominal value of €0.49, without detriment to any adjustments that may be made to avoid dilution. This constitutes*

*an availment of the authority conferred by the AGM, 13th March 2009 under agenda item five.*

#### ***4.- Reasons for the proposal to grant authority to exclude pre-emptive subscription rights***

*As indicated above, article 506 of the Capital Companies Act allows for the possibility of the General Meeting deciding, when this is necessary and in the Company's best interests, to confer authority on the Board of Directors to exclude the right of pre-emptive subscription that article 304 of the Act grants to shareholders. This does not necessarily imply that each capital increase made under this authorisation must be carried out by excluding pre-emptive subscription rights. It is perfectly possible for capital increases to be made under the authorisation with pre-emptive subscription rights.*

*The power to exclude pre-emptive subscription rights may only be exercised in those cases in which the company's best interests so require, provided that the nominal value of the shares to be issued plus, where applicable, the amount of the share premium on issue, corresponds to the fair market reflected in the report by an account auditor other than the company's account auditor, designated by the competent companies registry. Fair value shall mean the market value, which, unless otherwise justified, shall refer to the listed share price.*

*As has been explained, for the Board of Directors to be able to make efficient use of the authority to increase capital, in many cases speed and the ability to select the origin of the funding is important. Given that immediate availability could be limited in time, it may be necessary to exclude the pre-emptive subscription rights of shareholders to meet the very objectives of the transaction. The board considers the objective of creating*

*shareholder returns to be of utmost importance and deems that failing to exclude said pre-emptive subscription rights could undermine said returns.*

*Only the Board of Directors may estimate at any time whether the excluding of pre-emptive subscription rights is proportional to the benefits that the company will obtain in the final instance, so excluding rights will be in the best interests of the shareholders. The board will always have to comply with the substantive requirements established by law in this respect.*

*Although the Capital Companies Act does not place any limit on the General Meeting's power to confer authority on the Board of Directors to exclude the pre-emptive subscription rights within the maximum limit of 50% of the Company's share capital at the time the authority is granted, the Board of Directors has deemed it more suitable, in line with international trends and recommendations on best practices in the market, and in order to protect shareholders' interests, to limit this authority to a maximum of 20% of the BBVA share capital at the time the authority is granted.*

*All in all, the globalisation of the financial markets and the speed and agility with which they trade, requires the Board of Directors to have flexible, suitable instruments to suitably respond to the demands that, at any time, may be required by the corporate interests. This strategy must include the aforementioned authority to the Board of Directors to exclude pre-emptive subscription rights, where applicable.*

*The Board of Directors will make two reports available to the first General Meeting to be held after each capital increase under this authority with pre-emptive subscription rights withheld: a report by the directors and a report by an auditor of accounts other than the Bank's audit firm appointed by the Companies Registry*

## **5.- Proposed resolution**

*The full text of the proposed resolution conferring authority on the Board of Directors to resolve to increase share capital and exclude the right of pre-emptive subscription, pursuant to articles 297.1.b) and 506 of the Capital Companies Act, which is submitted to approval by the General Meeting, is as follows:*

*"Repealing the unavailed part of the authorisation conferred by the Annual General Meeting, 13th March 2009, under agenda item five:*

- 1. To confer authority on the board of directors powers as broad as may be necessary under law, to increase share capital, pursuant to article 297.1.b) of the Capital Companies Act, within the legal term of five years as of the date on which this General Meeting is being held, up to a maximum equivalent to 50% of the Company's share capital at the time of this authority. The board of directors may increase capital on one or several occasions, for the amount it decides, by issuing new ordinary or privileged shares with or without voting rights, including redeemable shares or shares of any other kind permitted under law, with or without an issue premium, the countervalue being payable in cash. The Board of Directors may determine the terms and conditions of the capital increase, the nominal value of the shares to be issued, their characteristics and any privileges they might confer, the attribution of redemption rights and their terms and conditions, and how the Company shall exercise them.*

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

*Likewise, to attribute to the Board of Directors the power to freely offer the shares not subscribed within the pre-emptive subscription period(s), when any such period is granted, and to establish that should the issue be undersubscribed, the capital will*

*be increased by the amount effectively subscribed, pursuant to article 311 of the Capital Companies Act and the redraft article 5 of the Company Bylaws.*

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

- 2. To request the competent Spanish and non-Spanish securities exchanges on which the Banco Bilbao Vizcaya Argentaria, S.A. shares are already listed at the time of each capital increase to allow trading of the new shares, provided they comply with applicable regulations. The Board of Directors is hereby authorised, with express powers to delegate this authority to the Executive Committee and/or any member(s) of the Board of Directors or Company proxies, to grant any documents and engage in any acts that may be necessary to such end, including any action, statement or arrangement before the competent authorities of the United States of America to achieve the listing of the shares represented by ADSs for trading, or before any other competent authority.*
  
- 3. Likewise, to authorise the Board of Directors, pursuant to article 249 of the Capital Companies Act, to pass on to the Executive Committee the powers delegated to it by the AGM regarding the aforementioned resolutions, with express authority for substitution by the Chairman of the Board, the Chief Operating Officer or any other Director or proxy of the Bank.”*

***Report presented by the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A., pursuant to articles 286, 296, 297.1.a) and 303 of the Capital Companies Act (consolidated text, adopted by Legislative Royal Decree 1/2010, 2nd July) regarding the proposed resolutions on capital increase to be charged to reserves and conferral on the Board of Directors of the authority to set the date of the capital increases referred to in agenda item five, sections 5.1 and 5.2 of the AGM called for 10th and 11th March 2011 at first and second summons, respectively.***



*This report is filed by the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A. ("BBVA" or the "Bank" ) in compliance with articles 286, 296, 297.1.a) and 303 of the Capital Companies Act (consolidated text adopted under Legislative Royal Decree 1/2010, hereinafter, the "Capital Companies Act") regarding the proposed resolutions presented to the AGM to increase capital with a charge to reserves pursuant to article 303 of the Capital Companies Act and to confer on the Board of Directors the authority to set the date of the capital increases pursuant to article 297.1 of the Capital Companies Act.*

*Article 286 of the Capital Companies Act, regarding bylaw amendments, with respect to articles 296, 297.1.a) and 303, establishes the obligation of the directors to draw up a written report explaining the grounds for the proposed resolution being put to the Meeting's consideration.*

### ***1.- Applicable regulations***

*Article 296 of the Capital Companies Act establishes that any share capital increase must be resolved by the General Meeting with the requirements established for the amendment of the Company Bylaws. Under article 286, the directors must draw up the full text of the amendment that they propose and a written report containing the grounds for the proposal.*

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

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

## **2.- Description of the transaction**

BBVA intends to offer its shareholders the possibility of receiving part of their remuneration in shares. Nonetheless, all shareholders may, at their own choice, receive their entire remuneration in cash (hereinafter the "**Proposal**" or the "**Dividend Option**").

The Proposal has been structured by two share capital increases charged to reserves coming from undistributed earnings (each of them, an "**Increase**" or a "**Capital Increase**" and both together, "**Increases**") which are submitted to the approval of the Annual General Meeting under agenda item five, sections 5.1 and 5.2. Without detriment to both Increases being for the purpose described, each is independent of the other, such that one or the other may be made on different dates and one or the other may even not be made and be left null and void.

When the Board of Directors decides to carry out one of the Capital Increases:

- (a) The Bank shareholders will receive a right of free allocation for each BBVA share they own. These rights will be tradable on the Spanish stock exchanges for a minimum period of 15 calendar days, after which the rights will automatically be converted into newly issued Bank shares which will be attributable to their

holders. The specific number of shares to be issued in an Increase and thus the number of rights necessary to be allocated a new share will depend, amongst other factors, on the reference price of the Bank share, calculated as the arithmetic mean of the average weighted prices of the BBVA share on the Spanish stock exchange system (SIBE - Mercado Continuo) over the five (5) trading sessions prior the date on which the Board of Directors or, by delegation from the Board, the Executive Committee, resolves to carry out the Increase (the "**Listed Price**"), in compliance with the procedures described in the proposed resolutions.

- (b) The Bank undertakes an irrevocable commitment to purchase the free allocation rights at a fixed price (the "**Purchase Commitment**"). This fixed price will be calculated prior to the trading period for the free allocation rights, as a function of the Listed Price (such that the purchase price for any right committed will be the result of dividing the Listed Price by the number of rights necessary to receive one new share plus one). In this manner, all shareholders are guaranteed the liquidity of their right, so that they may receive the remuneration equivalent to the traditional interim and final dividend, whatever the case may be, in cash.

Consequently, when each Increase is carried out, BBVA shareholders will have the option, at their own free choice to:<sup>1</sup>:

- (a) Not to transfer their rights of free allocation. In this case, at the end of the trading period, the shareholder will receive the number of new shares to which they are entitled, fully released.

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

- (b) *To transfer all or some of their rights of free allocation to BBVA under the Purchase Commitment. In this case, the shareholder will receive the Proposal in cash rather than receiving shares.*
- (c) *To transfer all or some of their rights of free allocation on the market. In this case, the shareholder may also opt to receive cash, although in this case there is no guaranteed fixed price as there would be under option (b) above.*

*This Proposal makes it possible to establish a system for remunerating shareholders that enables them to receive their remuneration in cash or in BBVA shares, in line with the tendency that other corporations are putting into practice on international markets.*

### **3.- Coordination with traditional dividends**

*Should the Board of Directors carry out both Increases, BBVA shareholders during the next year will have:*

(a) *The Proposal in cash and/or shares at the choice of the shareholder on dates close to those when the final dividend and one of the interim dividends are habitually paid out. As described, this Proposal consists of Capital Increases to be charged to reserves coming from undistributed earnings and the Purchase Commitment described in this report, which will allow shareholders to either receive released shares and/or, if they prefer, cash.*

(b) *Two of the interim dividends in cash on the dates on which they are habitually paid out. BBVA intends to maintain this traditional instrument of shareholder remuneration. Moreover, should one of the Increases not be carried out, the final or interim dividend, as the case may be, would be paid in cash. The amount of these quarterly dividends in*

*cash will be decided by the Bank in due time. The Proposal does not predetermine the value that these dividends may have in cash.*

#### ***4.- Grounds for the Proposal***

*In order to enhance the remuneration of its shareholders and make it more flexible, BBVA wishes to offer them an alternative that, whilst in no way limiting their possibility of receiving all of the annual remuneration in cash if they choose, allows them to receive Bank shares under the applicable tax regime for the delivery of released shares that is described below. The aim of the resolutions to increase capital that are being submitted to the Annual General Meeting is to offer all BBVA shareholders the option, of their own free choice, to receive newly issued released shares of the Bank, without thereby altering the BBVA policy of cash remuneration, in line with more efficient, flexible remuneration policies followed by other international banks.*

*Consequently, shareholders will have the Proposal available to them on the dates when the final and one of the interim dividends are habitually paid out. They may then decide which option suits them best at the time, whilst always continuing to be able to receive all their remuneration in cash if they wish.*

#### ***5.- Example of how the Proposal works***

*In order to make it easier to understand how the Proposal might work, an example is given below of a simulated application of the formula included in the proposed resolutions that are being submitted to the General Meeting. The outcomes of these calculations are not representative of what may happen in reality when each Increase is made. This will depend on the different variables used in the formula (essentially, the Listed Price of the BBVA share at that time).*

*For the purposes of this example, we start with the following data (employing the names contained in the proposed resolutions):*

- *Reference Market Value (RMV): €690,000,000.*
- *Example of possible Listed Price (reference price or RP): if we take the example of a RP at €8.658, assuming that this is the amount that corresponds to the arithmetic mean of the average weighted prices of the BBVA share on the Spanish stock exchange system (SIBE - Mercado Continuo) over the five (5) trading sessions prior to the date set as reference date.*
- *Total number of old BBVA shares (NOS): 4,490,908,285.*

*Then with these data:*

*The number of allocation rights (NAR) would be equal to the result of the following formula, rounding up to the next whole number:  $RP \times NOS / RMV$ , ie, 57 rights for the allocation of one new share.*

*By virtue of this, the maximum number of new shares to be issued would be the outcome of the following formula, rounding down to the next whole number:  $NOS / NAR$ , ie, 78,787,864 new shares.*

*In such case, the Purchase Price that BBVA guarantees for each right would be equal to the result of the following formula (rounded off to the closest thousandth of a euro and, in the event of the figure being half of a thousandth of a euro, up to the next whole thousandth):  $LP / (NAR + 1)$ , ie, €0.149 per share.*

*Consequently, in this example, the maximum number of new shares to be issued would be 78,787.864 ordinary share with a nominal value of €0.49 each. This would mean a maximum nominal value of €38,606,053.36, which would make it necessary to have 57 free allocation rights to receive one new released share and BBVA would undertake to buy the free allocation rights at a price of €0.149 per right.*

*Thus, if a shareholder owned 1,000 shares, they would receive 1,000 rights and would have the following options:*

- 1. To subscribe up to a maximum of 17 share by exercising 969 of their 1,000 free allocation rights, selling (either on the market or to BBVA) the remaining 31 rights.*
- 2. To sell the 1,000 free allocation rights to BBVA under the BBVA Purchase Commitment, receiving a net cash sum of €120.69 after the 19% mandatory withholding.*
- 3. To sell the 1,000 free allocation rights on the market, charging the full value of the trade, without any tax withholding on the sale.*

## **6. Tax Regime**

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

*For tax purposes the distribution of the shares created by each capital increase will be treated as a delivery of released shares and therefore they will not be considered as income for the purpose of Spanish income-tax (IRPF), company income tax (IS) or*

*income tax on non-residents (IRNR) regardless of whether the latter have a permanent establishment in Spain.*

*The purchase value of new shares received as a consequence of a capital increase or of the shares from which they originate shall be the total cost divided by the number of shares whether old or newly released. The seniority of such released shares shall be the same as those from which they originate.*

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

- In the case of IRPF and IRNR and if the transaction is carried out without the mediation of a permanent establishment, the amount obtained from the transfer of rights of free allocation on the market will receive the same treatment as preemptive subscription rights. Therefore the amount obtained from the transfer of rights of free allocation reduces, for tax purposes, the acquisition value of the shares originating from such rights in accordance with article 37.1.a of Law 35/2006, 28th November, on personal income tax.*

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

- In the case of company tax (IS) and the IRNR, when the transaction entails mediation of a permanent establishment in Spain, in so far as it completes a complete mercantile cycle, tax will be payable in accordance with the applicable rules.*



*If the holders of rights of free allocation decide to make the Purchase Commitment, the tax treatment of the amount obtained in the transfer to the Bank of the rights of free allocation, received as a shareholder or acquired in the market, will be equivalent to the tax on dividends distributed directly in cash and therefore subject to the corresponding withholding tax.*

*Nonetheless the amount obtained from a transfer, during the same year, of the commitment to repurchase rights acquired in the market will not benefit from the exemption. This exemption, limited to €1500 per year, is part of the current rules for dividends (because the rights are acquired less than two months prior to the payment of the above amount, which is taken to be the time of transfer).*

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

## **7. Conferral of authority and execution of each increase**

*It is proposed to authorise the Board of Directors, with the possibility of its substitution by the Executive Committee, to fix the date on which each capital increase resolution to be adopted by the Annual General Meeting shall be carried out and to fix any conditions of each capital increase that were not established by the General Meeting. All of this must be in accordance with article 297.1.a of the Capital Companies Act. Notwithstanding the above, if the Board of Directors considers it is not appropriate to carry out a particular capital increase by which the Proposal is instrumented, it may submit the possibility of revoking it to the General Meeting. In such event, it is not obliged to execute the increase. In particular before deciding to carry out the second capital increase the Board of Directors will examine and assess market conditions and the level of acceptance of the first increase (if this has taken place). If in its judgement*

*these or other considerations indicate the increase is not timely, it will report this at the first General Meeting held after the end of the period established for execution.*

*When the Board of Directors decides to execute the Proposal by carrying out a capital increase and determining all those conditions not established by the General Meeting, the Bank will make such conditions public. In particular and prior to the start of each period for free allocation the Bank will publish a document with the number and nature of the shares and the grounds for the increase in capital. This shall be in accordance with articles 26.1.e and 41.1.d of Royal Decree 1310/2005, 4th November, containing details for the application of Act 24/1988, 28th July, on securities exchanges.*

*Finally the Board of Directors will declare the trading period for the free allocation rights closed and apply the corresponding voluntary reserves to the amount of the capital increase, which by this means will become paid-up capital. It will also adopt the corresponding resolutions to modify the Company Bylaws to reflect the new amount of capital stemming from each capital increase and request listing of the new shares.*

## **8.- Proposed resolutions**

*The entire text of the proposed resolutions to issue capital against reserves and to authorise the Board of Directors to set the dates of such increases in accordance with articles 303 and 297.1.a of the Capital Companies Act, which will be submitted to the General Meeting, are as follows:*

- 5.1 To increase share capital by a given amount by issuing new shares with a nominal value of €0.49, without an issue premium and of the same class and series as those currently in circulation, to be charged against voluntary reserves. Possibility of undersubscription. Commitment to purchase the rights of free allocation. Request for listing. Delegation of powers.**

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

The possibility of incomplete subscription is expressly provided for as required by article 311 of the Capital Companies Act. If incomplete subscription occurs, the capital increase will be for the amount actually subscribed.

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

$$\frac{NOS}{NAR}$$

Where:

*NOS (number of old shares) is the total number of BBVA shares on the date the Board of Directors resolves to carry out the increase;*

*and*

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

$$NAR = RP \times NOS / 690,000,000$$

Where:

*RP (reference price) is the reference trading price of BBVA's shares for the purpose of the present capital increase. This will be the arithmetic mean of the average weighted price of BBVA shares traded on the Spanish stock exchange system (SIBE - Mercado Continuo) over five (5) trading days prior to the date that the Board of Directors (or the Executive Committee, if so delegated by the former) resolves to carry out the capital increase, rounded off to the nearest one-thousandth of a euro. In the event of a half of one-thousandth of a euro, this will rounded up to the nearest one-thousandth. In no event can the RP be less than the nominal value of the Company's shares. Therefore if the result of the calculation is less than €0.49, the RP will be €0.49.*

- 2. Reference balance sheet.-** *According to article 303 of the Capital Companies Act the balance sheet to be used as the basis of the transaction is that of 31st December 2010, duly approved by the Bank's auditor and by this General Meeting under its agenda item one.*
- 3. Reserves used.-** *The capital increase will be completely charged against voluntary reserves, which at 31st December 2010 stood at €4,168,234,000.*
- 4. Right of free allocation.-** *All the Bank's shareholders will have the right to free allocation of the new shares. Every share will convey one right of free allocation.*

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

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

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

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

*The rights of free allocation of the new shares will be transferable. The rights of free allocation can be traded on the market during a period to be determined by the Board of Directors within a minimum of 15 calendar days after publication of the capital increase in the Official Gazette of the Companies Registry.*

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

- 6. Commitment to purchase rights of free allocation.-** *BBVA will undertake to acquire the rights of free allocation, complying strictly with any legal limitations. The purchase price of each right will be calculated by the following formula*

*(rounding off to the closest one-thousandth of a euro and, in the event of a half of a thousandth of a euro, by rounding up to the next whole thousandth):*

$$RP / (NAR + 1)$$

*The commitment to purchase rights of free allocation shall be valid for a period determined by the Board of Directors during the trading period for such rights (described in section 5 above).*

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

- 7. *Format and rights of the new shares.***- *The new shares will be represented by book entries, and the books will be managed by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (IBERCLEAR) and its participating entities. From the date of issue the new shares shall confer on their holders the same rights as the rest of BBVA's shares.*
- 8. *Listing.***- *It is resolved to apply for listing of the new shares on the stock exchanges in Madrid, Barcelona, Bilbao and Valencia via the Spanish stock exchange system (SIBE - Mercado Continuo) and to establish all the arrangements and documents needed for listing by the foreign securities exchange authorities where BBVA's shares are traded: currently London, Mexico and, via ADSs (American Depository Shares), on the securities markets in New York and Lima. These arrangements also apply to the new shares issued as a consequence of the capital increase and BBVA expressly agrees to be bound by present and future rules of these markets, especially regarding contracts, permanence and exclusion from official listing.*

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

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

- 9. Execution of the resolution and conferral of authority.** *It is resolved to delegate to the Board of Directors authorising it to delegate to the Executive Committee, with express power for substitution pursuant to article 297.1.a of the Capital Companies Act and with article 30.c of the Company Bylaws, to set the date on which the resolution to increase capital will be carried out. This shall be determined by observing the provisions of this resolution and shall be carried out within one (1) year of its adoption, including amendment of article 5 of the Bylaws regarding the total amount of share capital and the number of shares. In accordance with article 30.c of the Company Bylaws, the Board of Directors may refrain from executing the present capital increase based on market conditions, on company circumstances or on a social or economic event that makes the action unadvisable. In such case it will inform the first General Meeting held following the end of the period established for execution.*

*It is likewise agreed to delegate in the Board of Directors, also in accordance with article 297.1.a of the Capital Companies Act and with power to delegate this to the*

*Executive Committee with express power for substitution in each case, to fix any conditions of each capital increase that have not been established in the previous clauses. In particular, this will include the following, which is not a complete list and does not constitute a limitation or restriction:*

- (i) To determine the date on which the capital increase will be carried out in the terms and within the limits defined in the present resolution.*
- (ii) To determine the final amount of the capital increase, the number of new shares, the number of rights of free allocation and the allocation ratio in accordance with the rules established above.*
- (iii) To determine the specific reserve accounts or sub accounts against which the capital increase will be charged.*
- (iv) To decline the number of rights of free allocation needed to reconcile the allocation ratio for the new shares, to decline the rights of free allocation that are acquired under an acquisition commitment and to decline any rights of free allocation as might be necessary or convenient.*
- (v) To establish the period for trading the rights of free allocation with a minimum of 15 calendar days after publication of the capital increase in the Official Gazette of the Companies Registry.*
- (vi) To declare the capital increase executed and closed at the end of the above period for trading the rights of free allocation, determining, when relevant, an incomplete subscription and signing whatever public and private documents might be needed for total or partial execution of the capital increase.*



- (vii) *To amend article 5 of the Company Bylaws on share capital.*
- (viii) *To draw up, sign and present the appropriate issue documents to the Spanish Securities Exchange Commission (CNMV) or to any other competent Spanish or non-Spanish authority and to present any additional or supplementary information or documents required.*
- (ix) *To draw up, sign and present the necessary or appropriate documents for the issue and listing of the new shares to the Spanish Securities Exchange Commission (CNMV) or to any other competent Spanish or non-Spanish authority or organisation, assuming responsibility for their contents and to draw up, sign and present any supplements needed, requesting their verification and registration.*
- (x) *To carry out any action, declaration or negotiation with the Spanish Securities Exchange Commission (CNMV), with the governing bodies of the securities exchanges, with the exchanges companies, IBERCLEAR, with the Department of Treasury & Financial Policy, with the Department of Commerce & Investment and with any other organisation, entity or register, whether public or private, Spanish or non-Spanish, to obtain (if necessary or advisable) the authorisation, verification and subsequent execution of the issue and the listing of the new shares.*
- (xi) *To draw up and publish any announcements that may be necessary or appropriate for this purpose.*
- (xii) *To draw up, sign, accredit and, if necessary, to certify any type of document related to the issue, including without limit the public and private documents required.*

- (xiii) *To complete all the necessary formalities so that the new shares associated with the capital increase can be entered in IBERCLEAR's registers and listed on the securities exchanges in Madrid, Barcelona, Bilbao and Valencia via the Spanish stock exchange system (SIBE - Mercado Continuo) system and on foreign stock exchanges that list BBVA's shares at the time of issue.*
- (xiv) *And to take whatever action might be necessary or appropriate to execute and register the capital increase before whatever entities and organisations, whether public or private, Spanish or non-Spanish, including clarifications, supplements and amendment of defects or omissions that might impede or hinder the full effectiveness of the present resolution.*

**5.2** *To increase share capital by a given amount by issuing new shares with a nominal value of €0.49, without an issue premium and of the same class and series as those currently in circulation, to be charged against voluntary reserves. Possibility of undersubscription. Commitment to purchase the rights of free allocation. Request for listing. Delegation of powers.*

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

*The possibility of incomplete subscription is expressly provided for as required by article 311 of the Capital Companies Act. If incomplete subscription occurs, the capital increase will be for the amount actually subscribed.*

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

$$NOS / NAR$$

*Where:*

*NOS (number of old shares) is the total number of BBVA shares on the date the Board of Directors resolves to carry out the increase;*

*and*

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

$$NAR = RP \times NOS / RMV$$

*Where:*

*RP (reference price) is the reference trading price of BBVA's shares for the purpose of the present capital increase. This will be the arithmetic mean of the average weighted price of BBVA shares traded on the Spanish stock exchange system (SIBE - Mercado Continuo) over five (5) trading days prior to the date that*

*the Board of Directors (or the Executive Committee, if so delegated by the former) resolves to carry out the capital increase, rounded off to the nearest one-thousandth of a euro. In the event of a half of one-thousandth of a euro, this will be rounded up to the nearest one-thousandth. In no event can the RP be less than the nominal value of the Company's shares. Therefore if the result of the calculation is less than €0.49, the RP will be €0.49.*

*RMV is the maximum reference market value of the capital increase, which cannot exceed €550,000,000.*

- 2. Reference balance sheet.-** *According to article 303 of the Capital Companies Act the balance sheet to be used as the basis of the transaction is that of 31st December 2010, duly approved by the Bank's auditor and by this General Meeting under its agenda item one.*
- 3. Reserves used.-** *The capital increase will be completely charged against voluntary reserves, which at 31st December 2010 stood at €4,168,234,000.*
- 4. Right of free allocation.-** *All the Bank's shareholders will have the right to free allocation of the new shares. Every share will convey one right of free allocation.*

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

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

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

*The rights of free allocation of the new shares will be transferable. The rights of free allocation can be traded on the market during a period to be determined by the Board of Directors within a minimum of 15 calendar days after publication of the capital increase in the Official Gazette of the Companies Registry.*

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

- 6. Commitment to purchase rights of free allocation.-** *BBVA will undertake to acquire the rights of free allocation, complying strictly with any legal limitations. The purchase price of each right will be calculated by the following formula (rounding off to the closest one-thousandth of a euro and, in the event of a half of a thousandth of a euro, by rounding up to the next whole thousandth):*

*The commitment to purchase rights of free allocation shall be valid for a period determined by the Board of Directors during the trading period for such rights (described in section 5 above).*

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

- 7. Format and rights of the new shares.-** *The new shares will be represented by book entries, and the books will be managed by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (IBERCLEAR) and its participating entities. From the date of issue the new shares shall confer on their holders the same rights as the rest of BBVA's shares.*
- 8. Listing.-** *It is resolved to apply for listing of the new shares on the stock exchanges in Madrid, Barcelona, Bilbao and Valencia via the Spanish stock exchange system (SIBE - Mercado Continuo) and to establish all the arrangements and documents needed for listing by the foreign securities exchange authorities where BBVA's shares are traded: currently London, Mexico and, via ADSs (American Depository Shares), on the securities markets in New York and Lima. These arrangements also apply to the new shares issued as a consequence of the capital increase and BBVA expressly agrees to be bound by present and future rules of these markets, especially regarding contracts, permanence and exclusion from official listing.*

*To such effects, authority is conferred on the Board of Directors and the Executive Committee, with express powers of substitution in both cases so that, once this resolution has been adopted, they can make the corresponding applications, draw*

*up and present any appropriate documents in the terms they consider advisable, and take any measures that may be necessary for such purpose.*

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

- 9. Execution of the resolution and conferral of authority.** *It is resolved to delegate to the Board of Directors authorising it to delegate to the Executive Committee, with express power for substitution pursuant to article 297.1.a of the Capital Companies Act and with article 30.c of the Company Bylaws, to set the date on which the resolution to increase capital will be carried out. This shall be determined by observing the provisions of this resolution and shall be carried out within one (1) year of its adoption, including amendment of article 5 of the Bylaws regarding the total amount of share capital and the number of shares. In accordance with article 30.c of the Company Bylaws, the Board of Directors may refrain from executing the present capital increase based on market conditions, on company circumstances or on a social or economic event that makes the action unadvisable. In such case it will inform the first General Meeting held following the end of the period established for execution.*

*It is likewise agreed to delegate in the Board of Directors, also in accordance with article 297.1.a of the Capital Companies Act and with power to delegate this to the Executive Committee with express power for substitution in each case, to fix any conditions of each capital increase that have not been established in the previous*

*clauses. In particular, this will include the following, which is not a complete list and does not constitute a limitation or restriction:*

- (i) To determine the date on which the capital increase will be carried out in the terms and within the limits defined in the present resolution.*
- (ii) To determine the final amount of the capital increase, the number of new shares, the market reference value (up to a maximum of €550,000,000), the number of rights of free allocation and the allocation ratio in accordance with the rules established above.*
- (iii) To determine the specific reserve accounts or sub accounts against which the capital increase will be charged.*
- (iv) To decline the number of rights of free allocation needed to reconcile the allocation ratio for the new shares, to decline the rights of free allocation that are acquired under an acquisition commitment and to decline any rights of free allocation as might be necessary or convenient.*
- (v) To establish the period for trading the rights of free allocation with a minimum of 15 calendar days after publication of the capital increase in the Official Gazette of the Companies Registry.*
- (vi) To declare the capital increase executed and closed at the end of the above period for trading the rights of free allocation, determining, when relevant, an incomplete subscription and signing whatever public and private documents might be needed for total or partial execution of the capital increase.*



- (vii) *To amend article 5 of the Company Bylaws on share capital.*
- (viii) *To draw up, sign and present the appropriate issue documents to the Spanish Securities Exchange Commission (CNMV) or to any other competent Spanish or non-Spanish authority and to present any additional or supplementary information or documents required.*
- (ix) *To draw up, sign and present the necessary or appropriate documents for the issue and listing of the new shares to the Spanish Securities Exchange Commission (CNMV) or to any other competent Spanish or non-Spanish authority or organisation, assuming responsibility for their contents and to draw up, sign and present any supplements needed, requesting their verification and registration.*
- (x) *To carry out any action, declaration or negotiation with the Spanish Securities Exchange Commission (CNMV), with the governing bodies of the securities exchanges, with the exchanges companies, IBERCLEAR, with the Department of Treasury & Financial Policy, with the Department of Commerce & Investment and with any other organisation, entity or register, whether public or private, Spanish or non-Spanish, to obtain (if necessary or advisable) the authorisation, verification and subsequent execution of the issue and the listing of the new shares.*
- (xi) *To draw up and publish any announcements that may be necessary or appropriate for this purpose.*
- (xii) *To draw up, sign, accredit and, if necessary, to certify any type of document related to the issue, including without limit the public and private documents required.*

- (xiii) *To complete all the necessary formalities so that the new shares associated with the capital increase can be entered in IBERCLEAR's registers and listed on the securities exchanges in Madrid, Barcelona, Bilbao and Valencia via the Spanish stock exchange system (SIBE - Mercado Continuo) system and on foreign stock exchanges that list BBVA's shares at the time of issue.*
- (xiv) *And to take whatever action might be necessary or appropriate to execute and register the capital increase before whatever entities and organisations, whether public or private, Spanish or non-Spanish, including clarifications, supplements and amendment of defects or omissions that might impede or hinder the full effectiveness of the present resolution.*

*Report presented by the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A., regarding the proposed amendment to the Company Bylaws included under agenda item ten of the General Meeting called for 10th and 11th March 2011 at first and second summons, respectively.*

## **1. SUBJECT MATTER**

*This report is filed by the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter "BBVA" or the "Company") to provide the grounds of the proposal submitted to the approval of the General Meeting of Shareholders to be held in Bilbao, on 10th March 2011 at 12:00 at first summons, and in the same place at the same time on 11th March 2011 at second summons, under agenda item ten, regarding the amendment of certain articles in the Company Bylaws, pursuant to article 286 of the consolidated text of the Capital Companies Act, adopted under Legislative Royal Decree 1/2010, 2nd July (hereinafter the "Capital Companies Act").*

*As a consequence of the recent enactment of the Capital Companies Act (Ley de Sociedades de Capital) and the consequent repeal of the consolidated text of the Companies Act (Ley de Sociedades Anónimas), adopted under Legislative Royal Decree 1564/1989, 22nd December (hereinafter the "Companies Act") and Act 12/2010, 30th June, amending Act 19/1988, 12th July, on Account Audits, Act 24/1988, 28th July on Securities Exchanges and the consolidated text of the Companies Act adopted by Legislative Royal Decree 1564/1989, 22nd December, for its adaptation to EU regulations (hereinafter "Act 12/2010"), it has become necessary to adapt the Company Bylaws both with respect to the amendments that these regulations have brought in to the applicable legislation, insofar as they refer to aspects that are subject to regulation in the BBVA Company Bylaws, and with respect to deleting the express references made to the Companies Act, and to bring in technical enhancements.*

*With this purpose, it is deemed advisable for the corporate interests to propose the amendment of the following bylaw precepts to the BBVA General Meeting: Article 1. Name, Article 6. Capital increase or reduction, Article 9. Call on shares, Article 13.ter Preference shares, Article 15. Rights of shareholders, Article 16. Obligations of the shareholders, Article 19 Classes of Meetings, Article 20 Convening of meetings: the authority responsible, Article 21. Form and content of the convening notice, Article 22. Place of meeting, Article 24. Proxies, Article 28. Matters to be considered by Meetings, Article 30. Powers of the Meeting, Article 31. Adopting resolutions, Article 32. Minutes of the Meetings, Chapter Four: The Board Committees, Article 48. Audit Committee. Article 51. Financial year, Article 52. Preparation of the Annual Accounts,*

*Article 53. Allocation of results, Article 54. Grounds of dissolution, Article 56. Liquidation phase and the suppression of Additional Provisions: One, Two and Three.*

*To make it easier for shareholders to understand the changes motivating the proposed amendment being submitted to the General Meeting, we first provide an explanation of the purpose and the grounds for the amendment and then include the proposed resolution that is being submitted to the General Meeting's approval, including the new wording being proposed.*

*To provide for clearer comparison between the new wording of the articles being proposed for amendment and the current wording, an annex is attached to this report, for information purposes, with a verbatim transcription of the unamended and the amended text, in two parallel columns, in which the right-hand column contains the changes that are being proposed so they can be seen against the currently prevailing text, which is set in the left-hand column.*

## **2. GROUNDS FOR THE PROPOSAL**

### **2.1. GENERAL GROUNDS FOR THE PROPOSAL**

*The proposed amendment to the Bylaws that is presented to consideration by the General Meeting of Company Shareholders pursues two fundamental objectives:*

- 1) To adapt the Company Bylaws to the recent legislative amendments regarding company law that have been introduced with the aforementioned Capital Companies Act and Act 12/2010, and*
- 2) Update the Company Bylaws, deleting references to the Companies Act and introducing certain technical and drafting enhancements.*

*This reform of the Company Bylaws is supplemented with the reform of the BBVA General Meeting Regulations, which is proposed under agenda item eleven, to which end the Board of Directors has filed a specific explanatory report.*

*Pursuant to Royal Decree 1245/1995, 14th July, on the creation of banks, cross-border activity and other matters relating to the legal regime of financial institutions, the bylaw amendments proposed are conditional on obtaining the administrative authorisation mentioned in article 8.1 of the aforementioned Royal Decree.*

*An explanation of each of the proposed amendments is given below:*

## **2.2. DETAILED GROUNDS FOR THE PROPOSAL**

*Having explained the fundamental grounds for proposing to amend the Company Bylaws, a more detailed explanation is given below of each proposed amendment for each of the articles affected:*

### **Proposed amendment of article 1 of the Company Bylaws regarding the Company name**

*The proposed amendment of article 1 of the Company Bylaws includes the deletion of the reference to the Companies Act, and the introduction of enhancements to the wording.*

### **Proposed amendment of article 6 of the Company Bylaws regarding capital increase or reduction**

*The proposed amendment of article 6 of the Company Bylaws is intended to bring the article into line with the new wording of article 295 of the Capital Companies Act and the provisions of article 304 of the same Act, regarding pre-emptive subscription rights, following the amendment enacted under Act 3/2009, 3rd April, on structural amendments in mercantile companies ("Structural Amendments Act").*

*The Structural Amendments Act rewords article 158 of the Companies Act regarding pre-emptive subscription rights to bring in some rules from, 13th December 1976 (the "Directive 77/91/EEC"), and is intended to bring the legal regime for pre-emptive subscription rights and convertible bonds into line with the judgement issued by the European Court of Justice (First Chamber), 18th December 2008, removing the*

*possibility that convertible bond holders have pre-emptive subscription rights in capital increases.*

*By virtue of the above, certain changes are brought into the wording of the first and second paragraphs of article 6 of the Company Bylaws, to adapt to the terminology employed in article 295 of the Capital Companies Act regarding the modalities of increase, and the content of the third and fifth paragraphs is adapted to the provisions of article 304 of the Capital Companies Act, in order to delete the provision by virtue of which pre-emptive subscription rights were granted to convertible bond holders in the event of capital increases. However, the article retains its stipulations regarding the minimum period for exercising pre-emptive subscription rights, pursuant to article 503 of the Capital Companies Act.*

**Proposed amendment of article 9 of the Company Bylaws regarding call on shares**

*The proposed amendment aims to adapt the bylaw to the legal regime established in Section Two of Chapter IV of the Capital Companies Act for the disbursement of a call on shares (now called "pending disbursements"), and to bring its wording into line with the new terminology employed in the Act to refer to such a call.*

*The Structural Amendments Act amended article 42 of the Companies Act regarding calls on shares, to establish that shareholders must pay to the company that portion of the capital that would have been pending disbursement, "in the form and within the maximum period established in the company Bylaws".*

*To such ends, an amendment is proposed to the first paragraph of article 9 for the determination of the maximum period during which shareholders must pay the Company the portion of the capital that is not paid up, which is set at five years, and the determination of how the disbursement must be carried out, pursuant to article 81 of the Capital Companies Act, following the amendment brought about by the Structural Amendments Act.*

*A new paragraph is added to this article, to include the minimum period between the date of notification or announcement and the date of payment, which is one month, pursuant to article 81.2 of the Act.*

*The amendment of the second, third and fifth paragraphs of the prevailing article 9 is proposed, regarding the effects of shareholders in default, the re-integration of the Company and the transfer of partially paid up shares, to adapt to the content of articles 83, 84 and 85 of the Capital Companies Act. Most of these are changes in wording to bring the terminology into line with the terminology of the Capital Companies Act.*

**Proposed amendment of article 13 ter of the Company Bylaws regarding preference shares**

*This amendment aims to simplify the wording of this article by remitting it to the regime established by the Act to create such shares.*

*To such end, an amendment is proposed to the first paragraph to establish that the Company may issue privileged shares "under the legally established terms", which means deleting the second and third paragraphs.*

**Proposed amendment of article 15 of the Company Bylaws regarding rights of shareholders**

*This proposed amendment aims to delete references to the Companies Act in sections d) on the right to call for General Meetings and f) on the right to information.*

**Proposed amendment of article 16 of the Company Bylaws regarding obligations of the shareholders**

*This amendment is intended to adapt section b) of article 16 to the new terminology employed by the Capital Companies Act to refer to calls on shares. It proposes the substitution of the term "call on shares" with "Payment of the portion of capital that would have been pending disbursement", pursuant to article 81.1 of the Capital Companies Act.*



**Proposed amendment of article 19 of the Company Bylaws regarding classes of Meetings**

*This proposed amendment is intended to adapt the article to the new wording of articles 163, 164 and 165 of the Capital Companies Act, and to bring in enhanced wording.*

*In particular, the reference to the "reviewing" of corporate management, which was the term used to translate the Spanish term "censurar" under the Companies Act to be replaced by "approval of corporate management", as established under article 164 of the Capital Companies Act.*

**Proposed amendment of article 20 of the Company Bylaws regarding convening meetings**

*This proposed amendment is intended to adapt the article to the wording of articles 167 and 168 of the Capital Companies Act with respect to the duty of directors to call meetings and the request by minorities to do so (which was already contained in article 20 of the Company Bylaws), and the introduction of technical enhancements.*

*Thus, in the first paragraph the inclusion of the directors' duty to call the General Meeting mentioned in article 167 of the Capital Companies Act "whenever they deem it necessary or advisable for the corporate interests, and in all cases on the date or in the periods determined by law and by the Bylaws".*

*Regarding the cases in which a minority may request the General Meeting be convened, apart from adapting the content of the second paragraph of the bylaw to the wording of article 168 of the Capital Companies Act, this proposed amendment aims to substitute the period of thirty days laid down in article 20 for calling a General Meeting to include a reference to the "legally established" period, and to add the obligation that the request include "business to be dealt with".*

*Finally, the deletion of the reference to judicial convention is deleted from this article, as it is not a case in which the General Meeting is convened at the initiative of the Board of Directors and is broadly regulated in the Capital Companies Act.*

**Proposed amendment of article 21 of the Company Bylaws regarding the form and content of the convening notice**

*The proposal aims to adapt the bylaw to the new regulations in the laws regarding the dissemination of the notice of meeting and its content, established in the Capital Companies Act (articles 173 and 174) and to introduce several technical enhancements.*

*Thus:*

- *Regarding the timing of the notice of meeting, it is proposed to delete the fifteen day period mentioned in article 21 and to replace it with the time "required by law".*
- *Regarding the media for publication of the notice of meeting, it is proposed that the bylaw be brought into line with the content of article 173 of the Capital Companies Act, as worded in Royal Decree Act 13/2010, 3rd December, on actions in tax, employment and deregulatory matters to encourage investment and create jobs, which has amended the format of the notice of meeting, establishing that this be published in the BORME (official gazette of Companies Registries of Spain) and on the corporate website, deleting the requirement to publish in the written press, except for companies that do not have a corporate website.*
- *Regarding the content that the notice of meeting must always contain, it is proposed to adapt the bylaw to the wording of article 174 of the Capital Companies Act and to bring in some technical enhancements.*
- *Pursuant to article 182 of the Capital Companies Act on remote electronic assistance, the last paragraph 4 includes the delegation to the Board of Directors of the authority to consider, when arranging each General Meeting, the bases that make it possible to attend the General Meeting over remote media and value the possibility of organising attendance of the Meeting over such media.*

**Proposed amendment of article 22 of the Company Bylaws regarding place of the meeting**

*This proposed amendment is solely intended to adapt to the amended terminology brought in by article 175 of the Capital Companies Act, which substitutes the Spanish equivalent to the term "locality" used in the Companies Act by "municipal area".*

**Proposed amendment of article 24 of the Company Bylaws regarding proxies to attend the General Meeting**

*The amendment of the rules for shareholder representation in the General Meeting is proposed, bringing them into line with article 184 of the Capital Companies Act, to facilitate shareholders' rights to grant proxy for the General Meeting.*

*It is proposed to delete the requirement in the first paragraph of article 24 for the proxy to be a shareholder, to include the possibility of the shareholder being represented by any person, along with technical enhancements.*

**Proposed amendment of article 28 of the Company Bylaws regarding matters to be considered by the Meetings**

*This proposed amendment is intended to delete references to the Companies Act contained in the article.*

**Proposed amendment of article 30 of the Company Bylaws regarding the powers of the Meeting.**

*The proposal aims to adapt this article to the new wording of the Capital Companies Act in articles 160 (on the powers of the General Meeting) and 512 (on the General Meeting's approval of its own Regulations), and to introduce technical enhancements and delete references to the Companies Act.*

**Proposed amendment of article 31 of the Company Bylaws regarding the adoption of resolutions**

*The proposal is intended to adapt the wording to the terminology in the Capital Companies Act to refer to "pending disbursements" and bring in some technical and wording enhancements.*

*In particular with respect to remote voting, already established by the Company Bylaws, it is proposed to add a new paragraph at the end of the article in order to expressly mention the possibility of the Board of Directors establishing suitable rules and media for shareholders to vote or grant proxy over remote media.*

**Proposed amendment of article 32 of the Company Bylaws regarding the minutes of the Meetings**

*This proposed amendment is intended to adapt the bylaws to the literal wording in article 202 and article 203 of the Capital Companies Act regarding the executive force of resolutions, the adoption of the minutes and the notary's minutes of proceeding, as well as to bring in certain changes in wording.*

**Proposed amendment of Chapter Four of the Company Bylaws regarding the Board Committees**

*A formal change is proposed to make the Bylaws more systematic. This consists of moving from the first paragraph of article 48 on the powers of the Board of Directors to set up Committees to help them in the performance of their duties in order to place it as a central, independent paragraph under the heading of Chapter Four: The Board Committees.*

**Proposed amendment of article 48 of the Company Bylaws regarding the Audit Committee**

*This amendment is proposed to adapt to the additional provision eighteen of Act 24/1988, 28th July, on the Securities Exchange (hereinafter "The Securities Exchange*

Act") as worded in Act 12/2010, which includes some changes regarding the composition and functions of the Audit Committee.

Regarding its functions, a reference is made to, as a minimum, the functions established by the Act, which may be listed in the Board Regulations and the Committee's regulations.

It also includes the title of article 48, "Audit Committee" and brings in some technical enhancements.

**Proposed amendment to articles 51 and 52 of the Company Bylaws regarding financial year and preparation of the annual accounts, respectively.**

A formal change is proposed to make the Company Bylaws more systematic, by suppressing the second paragraph of article 51, on the publication of annual accounts, management report and proposal for allocation of result, and moving it to article 52 (on annual accounts).

**Proposed amendment of article 53 of the Company Bylaws regarding allocations of results**

The amendment of this article is meant to adapt to article 273 of the Capital Companies Act on the application of year-end results in accordance with the balance sheet approved, such that an amendment is proposed to the first paragraph, along with some improvements in the wording.

**Proposed amendment of article 54 of the Company Bylaws regarding the grounds of dissolution**

This proposed amendment is intended to eliminate references to the Companies Act and include a reference to the grounds of dissolution of companies in the prevailing legislation.

**Proposed amendment of article 56 of the Company Bylaws regarding the liquidation of the Company**

*This proposed amendment aims to delete references to the Companies Act and include a reference to the prevailing legislation on the functions of the liquidators and the rules for the liquidation of companies.*

**Proposed amendment to the additional provisions of the Company Bylaws**

*This proposed amendment consists of deleting the three additional provisions included in the Company Bylaws. It aims to adapt to the prevailing regime on the representation of shares through book entries and others established in the legislation on securities markets and mercantile law.*

*Pursuant to Royal Decree 1245/1995, 14th July, on the creation of banks, cross-border activity and other matters relating to the legal regime of financial institutions, the bylaw amendments proposed are conditional on obtaining the administrative authorisation mentioned in article 8.1 of the aforementioned Royal Decree.*

**3. PROPOSED RESOLUTION TO BE SUBMITTED TO THE GENERAL MEETING**

*In view of the grounds contained in the previous section, the amendment proposal is included below, with express reference to each article affected:*

**“PROPOSED RESOLUTIONS UNDER AGENDA ITEM TEN FOR THE ANNUAL GENERAL MEETING OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A. SHAREHOLDERS, TO BE HELD 11TH MARCH 2011**

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*Adoption of the amendment to the following articles in the Company Bylaws: Article 1 Name, Article 6 Increase or reduction of capital, Article 9 Call on shares, Article 13 ter Preference shares, Article 15 Rights of shareholders, Article 16 Obligations of the shareholders, Article 19 Classes of Meetings, Article 20 Convening of meetings: the*

*authority responsible, Article 21 Form and content of the convening notice, Article 22 Place of Meeting, Article 24 Proxies (to allow the shareholder to be represented by any person), Article 28 Matters to be considered by Meetings, Article 30 Powers of the Meeting, Article 31 Adopting resolutions, Article 32 Minutes of the Meetings, Chapter Four: The Board Committees, Article 48 Audit Committee, Article 51 Financial year, Article 52 Preparation of the Annual Accounts, Article 53 Allocations of results, Article 54 Grounds of dissolution, Article 56 Liquidation phase and suppression of the Additional Provisions: One, Two and Three, for their adaptation to the amendments brought in under the consolidated text of the Capital Companies Act, adopted by Legislative Royal Decree 1/2010, 2nd July and to Act 12/2010, 30th June, amending Act 19/1988, 12th June, on the auditing of accounts, Act 24/1988, 28th July, on securities exchanges, and the consolidated text of the Companies Act adopted under Legislative Royal Decree 1564/1989, 22nd December, and to bring in certain technical enhancements:*

**"Article 1. Name.**

*The Company is called BANCO BILBAO VIZCAYA ARGENTARIA, S.A. (the "Bank" or the "Company") and will be governed by the law, these Bylaws and other applicable legal provisions.*

**Article 6. Increase or reduction in capital.**

*The Bank's capital may be increased or reduced by a resolution of the General Meeting of Shareholders, without prejudice the provisions of Article 30 , section c) and d) of these Bylaws.*

*The increase in the share capital may be made by issuing new shares or by increasing the nominal value of existing ones. In both cases, the exchange value of the increase in capital may consist both of new contributions, pecuniary or otherwise, to the company assets, including the set-off of credits against the Company, or a charge against earnings or reserves or earnings that already appeared on the latest balance sheet approved.*

*In increases of share capital with the issue of new shares, whether ordinary or preference, payable by pecuniary contribution, shareholders will have the right to subscribe a number of shares proportional to the nominal value of the shares they own, within the term granted to them for this purpose by the Company Board of Directors, which shall be not less than fifteen days from the publication of the announcement of the offering for subscription of the new issue in the Official Gazette of the Companies Registry (Boletín Oficial del Registro Mercantil).*

*The preferential subscription right will be transferable on the same conditions as the shares from which it derives. In increases of capital charged to reserves, the same rule shall apply to the rights of free allocation of the new shares.*

*The preferential subscription right will not apply when the increase of capital is due to the take-over of another company or of all or part of the split-off assets of another company or the conversion of debentures into shares.*

*In cases in which the interests of the Company so require, the General Meeting, when deciding on an increase of capital, may resolve, subject to the legally established requirements, to totally or partially eliminate the preferential subscription right.*

#### **Article 9. Pending Disbursements**

*Where any shares are not paid up in full, shareholders must pay the undisbursed part at the time that the Board of Directors may determine, within a maximum period of five years as of the date of the resolution to increase the capital. The form and other circumstances regarding the disbursement will be subject to the provisions in the resolution to increase the capital.*

*The requirement to pay the pending disbursements will be notified to the shareholders affected or will be announced in the Official Gazette of the Companies Registry. There must be at least one month between the date of sending the communication or the announcement and the payment date.*

*Shareholders in default of payment on the pending disbursements may not vote. The amount of the shares of such shareholder shall be deducted from the share capital for the computation of the quorum. Shareholders in default will not be entitled to collect dividends or to preference subscription of new shares or convertible bonds.*

*Should the term established for payment elapse, without payment having been made, the Bank, depending on the cases and the nature of the disbursement not made, may either demand compliance with the obligation with payment of the legal interest and the loss and damage caused by the delay or proceed to dispose of the shares without liability on behalf of the defaulting shareholder. In such case, the sale of the shares will be verified by an official member of the secondary market on which the shares are listed, or otherwise through a commissioner for oaths, and, where applicable, it shall entail the replacement of the original share certificate by a duplicate.*

*The proceeds from the sale, as may be the case, after deducting expenses, shall be in the possession of the Bank and they shall be allocated to cover the overdraft of the cancelled shares and should any balance arise, it shall be delivered to the holder.*



*Should it not be possible to make the sale, the share will be redeemed, with the subsequent reduction in capital, the amounts already paid up remaining in the Company earnings.*

*Should partially paid-up shares be transferred, the acquiring shareholder, together with all the preceding transferors, at the choice of the Board of Directors, shall be jointly and severally liable for payment of the outstanding amount. The transferors shall be liable for a term of 3 years reckoned after the date of the respective transfer.*

*The provisions of this article shall not impede the Bank from using any of the means contemplated in applicable legislation against the defaulting shareholders.*

**Article 13. *ter* Preference shares**

*The Company may issue shares which grant a privilege over ordinary shares under the legally established terms and conditions, complying with the formalities prescribed for the amendment of the Company Bylaws.*

**Article 15. *Rights of shareholders***

*The following are the rights of the Bank's shareholders and may be exercised within the conditions and terms and subject to the limitations set out in these Bylaws:*

*a) To participate, in proportion to the paid up capital, in the distribution of the company's earnings and in the assets resulting from liquidation.*

*b) Preemptive subscription right in the issue of new shares or debentures convertible into shares.*

*c) To attend General Meetings, in accordance with article 23 hereof, and to vote at these, except in the case of nonvoting shares, and also to challenge corporate resolutions.*

*d) To call for ordinary or extraordinary General Meetings, under the terms and conditions set out in the Companies Act and these Bylaws.*

*e) To examine the Annual Accounts, the Management Report, the proposed allocation of results and the Report of the Auditors, and also, if appropriate, the Consolidated Accounts and Management Report, in the manner and within the time limit provided in article 29 hereof.*

*f) The right to information, pursuant to applicable legislation and these Bylaws.*

*g) For the member and persons who, where appropriate, have attended the General Meeting of Shareholders as proxies for non-attending members, to obtain at any time certified copies of the resolutions and of the Minutes of General Meetings..*

*h) In general, all rights that may be recognized by a statutory provision or by these Bylaws.*

**Article 16.      *Obligations of the shareholders***

*Shareholders have the following obligations:*

*a) To abide by the Bylaws and by the resolutions of General Meetings, of the Board of Directors and other bodies of government and administration.*

*b) To pay the portion of capital that may have been pending disbursement, when so required.*

*c) To accept that the Courts of competent jurisdiction shall be determined on the basis of the location of the registered office of the Bank for the resolution of any differences that the shareholder, as such may have with the Company, and for that purpose the shareholder shall be deemed to have waived the right to have recourse to the Courts of his own locality.*

*d) All other obligations deriving from legal provisions or from these Bylaws.*

**Article 19      *Classes of Meetings***

*General Meetings of Shareholders may be Ordinary or Extraordinary. The Ordinary General Meeting, convened as such, will necessarily meet within the first six months of each year. It will give approval, where forthcoming, of the corporate management, the accounts for the previous year and resolve as to the allocation of results, without prejudice to such resolutions as it may adopt, within the scope of its powers, concerning any other item on the agenda or that are allowed by law provided that the General Meeting is attended by the number of shareholders and the portion of capital required by law or the Bylaws in each case.*

*Every Meeting other than that provided for in the previous paragraph will be considered an Extraordinary General Meeting.*

**Article 20.      *Convening Meetings.***

*General Meetings shall be convened at the initiative of the Board of Directors whenever it deems this necessary or advisable for the Company's interests, and in any case on the dates or in the periods determined by law and these Bylaws.*

*If requested by one or several shareholders representing at least five per cent of the share capital, the Board of Directors must also convene a General Meeting. The request must expressly state the business to be dealt with. In such event, the Board of Directors must convene the Meeting so that it is held within the legally established period as of the date on which the Board of Directors is served duly attested notice to convene it. The agenda must without fail include the matters to which the request for a meeting referred.*

**Article 21. Form and content of the convening notice**

*General Meetings, whether Ordinary or Extraordinary, must be convened by means of announcements published in the Official Gazette of the Companies Registry and on the Company website, within the notice period required by law, except when legal provisions establish other media for disseminating the notice.*

*The notice shall indicate the date, time and place of the meeting on a first convening and its agenda, which will give all the business that the Meeting will deal with, and any other references that may be required by law. The date on which the meeting should be held on a second convening may also be placed on record in the announcement.*

*At least twenty-four hours should be allowed to elapse between the first and second meeting.*

*The Board of Directors may consider technical media and the legal bases that enable and guarantee remote attendance at the General Meeting and will evaluate the possibility of organising attendance over remote media.*

**Article 22. Place of meeting.**

*Except in events established by law for Universal General Meetings, General Meetings shall be held at the municipal area where the Company has its registered office, on the date indicated in the convening notice, and sessions may be extended for one or more consecutive days at the request of the Board of Directors or of a number of shareholders representing at least one quarter of the capital present at the meeting, and also may be transferred to a place other than that indicated in the convening notice, within the same municipal area, with the knowledge of those present, in the event of force majeure.*

**Article 24. Proxies**

*Any shareholder entitled to attend may attend meetings represented by another person, who need not necessarily be a shareholder.*

*The proxy must be conferred specifically for each General Meeting, using the proxy form established by the Company, which shall be recorded on the attendance card. A single shareholder may not be represented at the General Meeting by more than one proxy.*

*Likewise, authorisation may be conferred by means of remote communications that comply with the requirements established by law.*

*The appointment of a proxy by a fiduciary or merely apparent shareholder may be rejected.*

**Article 28. Matters to be considered by the Meetings**

*At Ordinary and Extraordinary General Meetings, only matters which are specifically indicated in the convening notice may be dealt with, except as provided for by law.*

**Article 30. Powers of the Meeting**

*The General Meeting of Shareholders has the following powers:*

*a) Modify the Company Bylaws, and also confirm or rectify the interpretation of these made by the Board of Directors.*

*b) Determine the number of Directors to form the Board of Directors, appoint, re-elect and dismiss Board members, and ratify or revoke the provisional appointments of such members made by the Board of Directors.*

*c) Increase or reduce the share capital delegating, where appropriate, to the Board of Directors the power to indicate, within a maximum time, pursuant to law, the date or dates of its execution, who may use all or part of that power or even refrain from doing so in consideration of the conditions in the market, in the Company itself or of any fact or event of social or economic importance which makes this decision advisable, reporting on this at the first General Meeting held when the term set for its execution has elapsed.*

*d) Authorise the Board of Directors to increase share capital as established by law. When the General Meeting delegates such power, it may also confer powers to exclude the preferential subscription right over the share issues referred to in the authority, under the terms and conditions and with the requirements established by law.*

*e) Delegate to the Board of Directors the amendment of the nominal value of the shares representing the share capital, re-wording article 5 of the Company Bylaws.*

*f) Issue debentures, bonds or other securities recognising or creating debt, whether senior, mortgage, exchangeable or convertible, with fixed or variable interest, which may be subscribed in cash*

*or in kind, or under any other condition of profitability or entailment, modality or characteristic. The General Meeting may also authorise the Board of Directors to make said issues. It may also confer authority on the Board of Directors to exclude or limit the preferential subscription right over the convertible debenture issues under the terms and conditions and with the requirements established by law. In the event of convertible debenture issues, the General Meeting will approve the conditions and modalities of the conversion and the increase of the share capital by the amount necessary for the purposes of the said conversion, as established by law.*

*g) Examine and approve the annual accounts, the proposal on the application of result and the Company management for each financial year and also, where appropriate, the consolidated accounts.*

*h) Appoint, re-elect and dismiss the auditors.*

*i) Approve the transformation, merger, split, global assignment of assets and liabilities, dissolution and offshoring of the registered offices.*

*j) Make a statement on any other matter reserved to the Meeting by legal provision or by these Bylaws.*

*k) To approve its Regulations and any later amendments, pursuant to the Board of Director's proposal regarding these.*

### **Article 31. Adopting resolutions**

*At ordinary and/or extraordinary General Meetings, resolutions shall be adopted with the majorities required by law and by these Bylaws.*

*Every shareholder attending the General Meeting shall have one vote for each share owned or represented, however much has been paid up for it.*

*Shareholders who are not up to date in the payment of calls for pending disbursements shall not have the right to vote, but only with regard to the shares whose call disbursements has not been paid. Nor shall holders of shares without voting rights.*

*Shareholders may delegate or exercise their vote on proposals regarding matters in the agenda items at any kind of General Meeting by postal correspondence, electronic correspondence or any other remote means of communication, provided that the identity of the person exercising their voting right is duly guaranteed.*

*The Board of Directors may draw up the suitable rules, means and procedures to instrument the voting process and the granting of proxy over remote media, complying with the requirements established by law.*

**Article 32. Minutes of Meetings**

*The Secretary of the Meeting shall prepare minutes thereof which shall be entered in the minute book; the minutes may be approved by the Meeting itself at the end of the session, and failing that, within a period of fifteen days, by the Chairman of the General Meeting and two shareholders examiners, one representing the majority and the other the minority.*

*The corporate resolutions may be implemented as of the date of approval of the minutes in which they appear.*

*The minutes of the meeting will be signed by the Secretary and countersigned by the Chairman.*

*Any certificates that are issued in connection with the minutes once approved, will be signed by the Secretary and, failing that, by the Secretary of the Board of Directors, and countersigned by the Chairman or, as the case may be, by the Chairman of the Board of Directors.*

*The Board of Directors may request the presence of a notary public to take minutes of the proceedings.*

**Chapter Four: On Board Committees**

*To assist in the performance of its duties, the Board of Directors may set up the committees it deems necessary to help it on questions within the scope of its powers.*

**Article 48. Audit Committee.**

*However, for the supervision both of the financial statements and of the exercise of the control and oversight function, the Board of Directors shall have an Audit Committee, which will have the powers and means it needs to perform its duties.*

*The Audit Committee shall comprise of a minimum of four non-executive directors appointed by the Board of Directors, who have due dedication, capacity and expertise necessary to pursue their duties. The Board shall appoint one of them to Chair the Committee, who must be replaced every four years, and may be re-elected to the post when one year has elapsed since he/she stood down. At least one of the Audit Committee members must be an independent director and be appointed taking into account his/her knowledge and expertise in accounting, auditing or in both.*

*The maximum number of members on the Committee shall be the number established in article 34 of these Bylaws, and there will always be a majority of non-executive directors.*

*The Committee shall have its own set of specific regulations, approved by the Board of Directors. These will determine its duties, and establish the procedures to enable it to meet its commitments. In all cases, the arrangements for calling meetings, the quorum for proper constitution and adoption and documentation of resolutions will be governed by the provisions of these Company Bylaws with respect to the Board of Directors.*

*The Audit Committee will have the powers established by law, by the Board Regulations and by its own regulations.*

**Article 51. Financial year.**

*The accounting periods of the Company shall be one year, coinciding with the calendar year, ending on 31st December each year.*

**Article 52. Annual Accounts.**

*The annual accounts and other accounting documents that must be submitted to the ordinary General Meeting for approval must be prepared in accordance with the chart established by prevailing provisions applicable to banking institutions.*

*The annual accounts, the management report, the proposal for allocation of results and the auditors' report and, where applicable, the consolidated financial statements and management report, will be given the publicity that is determined at any time by prevailing provisions and these Bylaws.*

**Article 53. Allocation of results.**

*The General Meeting shall resolve on the allocation of results from the year, in accordance with the balance sheet approved.*

*The Company's net earnings will be distributed in the following order:*

*a) Endowment to insurance-benefit reserves and funds, required by prevailing legislation and, where applicable, to the minimum dividend mentioned under article 13 of these bylaws.*

*b) A minimum of four percent of the paid-up capital, as shareholder dividend..*

*c) Four percent of the same to remunerate the services of the board of directors and the executive committee, unless the board itself resolves to reduce this percentage in years when it deems this to be appropriate. The resulting figure shall be made available to the board of directors to distribute amongst its members at the time and in the form and proportion that it determines. The resulting amount may be paid in cash or, if the General Meeting so resolves pursuant to the law, by delivery of shares, share options or remuneration indexed to the share price.*

*This amount may only be taken out after the shareholders' right to the minimum 4% dividend mentioned above has been duly recognised.*

**Article 54. Grounds of dissolution.**

*The Bank will be dissolved under the circumstances laid down in that respect by prevailing legislation.*

**Article 56. Liquidation phase.**

*Once the dissolution has been resolved, the liquidation phase shall commence and although the Company shall retain its legal status, the representative capacity of the directors and other authorised agents to enter into new contracts and contract new obligations shall cease, and the liquidators shall assume the functions attributed to them by law.*

*The liquidation of the Company will be done in compliance with the prevailing legal provisions at any time.*

*Pursuant to Royal Decree 1245/1995, 14th July, on the creation of banks, cross-border activity and other matters relating to the legal regime of financial institutions, the bylaw amendments proposed are conditional on obtaining the administrative authorisation mentioned in article 8.1 of the aforementioned Royal Decree.”*



**ANNEX**  
**COMPARATIVE INFORMATION ON THE BYLAW PRECEPTS WHOSE**  
**AMENDMENT IS PROPOSED**

<b>CURRENT WORDING OF THE COMPANY BYLAWS</b>	<b>AMENDMENT PROPOSED TO THE GENERAL MEETING</b>
<p><b>Article 1. Name</b></p> <p><i>The company will trade under the name BANCO BILBAO VIZCAYA ARGENTARIA S.A., and it will be governed by the Business Corporations Act, the By-laws herein and any other statutory provisions that may apply.</i></p>	<p><b>Article 1. Name</b></p> <p><i>The Company is called BANCO BILBAO VIZCAYA ARGENTARIA, S.A. (the "Bank" or the "Company") and will be governed by law, by these Bylaws and by other applicable legal provisions.</i></p>
<p><b>Article 6. Increase or reduction in capital.</b></p> <p><i>The Bank's capital may be increased or reduced by a resolution of the General Meeting of Shareholders, without prejudice to the provisions of Article 30, section c), of these Articles of Association.</i></p> <p><i>The increase in the share capital may be made by issuing new shares or increasing the par value of existing ones. In both cases the exchange value of the increase in capital may consist both of new contributions, whether pecuniary or otherwise, to the company assets, including the set-off of credits against the company, and the conversion of reserves or profits which already appeared in the said assets.</i></p> <p><i>In increases of share capital with the issue of new shares, whether ordinary or preference, the former shareholders and holders of convertible debentures may exercise, within the term granted for this purpose by the Company Administration, which will not be less than fifteen days from the publication of the</i></p>	<p><b>Article 6. Increase or reduction in capital.</b></p> <p><i>The Bank's capital may be increased or reduced by a resolution of the General Meeting of Shareholders, without prejudice the provisions of Article 30 , section c) and d) of these Bylaws.</i></p> <p><i>The increase in the share capital may be made by issuing new shares or by increasing the nominal value of existing ones. In both cases, the exchange value of the increase in capital may consist both of new contributions, pecuniary or otherwise, to the company assets, including the set-off of credits against the Company, or a charge against earnings or reserves or earnings that already appeared on the latest balance sheet approved.</i></p> <p><i>In increases of share capital with the issue of new shares, whether ordinary or preference, payable by pecuniary contribution, shareholders will have the right to subscribe a number of shares proportional to the nominal value of the shares they own, within the term granted to them for this purpose by the Company</i></p>

<p><i>announcement of the offer of subscription of the new issue in the Official Gazette of the Commercial Registry, the right to subscribe for a number of shares proportional to the par value of the shares held or those which would correspond to the holders of the convertible debentures if the option to convert were exercised at that time.</i></p> <p><i>The preferential subscription right will be transferable on the same conditions as the shares from which it derives. In increases of capital charged to reserves, the same rule will apply to the rights of free allocation of the new shares.</i></p> <p><i>The preferential subscription right will not apply when the increase of capital is due to the conversion of debentures into shares or the take-over of another company or part of the split-off assets of another company, and also when it is a case of non-pecuniary contributions including the set-off of credits.</i></p> <p><i>In cases where the interest of the Company so requires, the General Meeting, when deciding on an increase of capital may resolve, subject to the requirements legally determined in Article 159 of the Business Corporations Act, the total or partial elimination of the preferential subscription right.</i></p>	<p><i>Board of Directors, which shall be not less than fifteen days from the publication of the announcement of the offering for subscription of the new issue in the Official Gazette of the Companies Registry (Boletín Oficial del Registro Mercantil).</i></p> <p><i>The preferential subscription right will be transferable on the same conditions as the shares from which it derives. In increases of capital charged to reserves, the same rule shall apply to the rights of free allocation of the new shares.</i></p> <p><i>The preferential subscription right will not apply when the increase of capital is due to the take-over of another company or of all or part of the split-off assets of another company or the conversion of debentures into shares.</i></p> <p><i>In cases in which the interests of the Company so require, the General Meeting, when deciding on an increase of capita, may resolve, subject to the legally established requirements, to totally or partially eliminate the preferential subscription right.</i></p>
<p><b>Article 9. Call on shares.</b></p> <p><i>Where any shares are not paid up in full, the Board of Directors shall determine when, how and to what extent the amounts outstanding are to be paid, announcing this in the Official Gazette of the Commercial Registry.</i></p>	<p><b>Article 9. Pending disbursements.</b></p> <p><i>Where any shares are not paid up in full, shareholders must pay the undisbursed part at the time that the Board of Directors may determine, within a maximum period of five years as of the date of the resolution to increase the capital. The form and other circumstances regarding the disbursement will be subject to the provisions in the resolution to increase the capital.</i></p>

<p><i>The shareholder in default in the payment of calls on capital shall not be able exercise voting rights. The amount of the shares of such shareholder shall be deducted from the share capital for the computation of the quorum.</i></p> <p><i>Should the term established for payment elapse, without payment having been made, the Bank may either demand compliance with the obligation, including payment of legal interest and the loss and damage caused by the delay, or dispose of the shares in default through a member of the stock exchange, if the shares are admitted to listing on the stock exchange, or through a Licensed Broker or Notary Public, otherwise, the expenses and loss which may arise to be borne by the holders and including, if appropriate, the replacement of the original share certificate by a duplicate.</i></p> <p><i>The proceeds from the sale, as may be the case, after deducting expenses, shall be in the possession of the Bank and they shall be allocated to cover the overdraft of the cancelled shares and, should any balance arise, it shall be delivered to the holder.</i></p> <p><i>Should the shares be transferred, the acquiring</i></p>	<p><i>The requirement to pay the pending disbursements will be notified to the shareholders affected or will be announced in the Official Gazette of the Companies Registry. There must be at least one month between the date of sending the communication or the announcement and the payment date.</i></p> <p><i>Shareholders in default of payment on the pending disbursements may not vote. The amount of the shares of such shareholder shall be deducted from the share capital for the computation of the quorum. Shareholders in default will not be entitled to collect dividends or to preference subscription of new shares or convertible bonds.</i></p> <p><i>Should the term established for payment elapse, without payment having been made, the Bank, depending on the cases and the nature of the disbursement not made, may either demand compliance with the obligation with payment of the legal interest and the loss and damage caused by the delay or proceed to dispose of the shares without liability on behalf of the defaulting shareholder. In such case, the sale of the shares will be verified by an official member of the secondary market on which the shares are listed, or otherwise through a commissioner for oaths, and, where applicable, it shall entail the replacement of the original share certificate by a duplicate.</i></p> <p><i>The proceeds from the sale, as may be the case, after deducting expenses ,shall be in the possession of the Bank and they shall be allocate to cover the overdraft of the cancelled shares and should any balance arise, it shall be delivered to the holder.</i></p> <p><i>Should it not be possible to make the sale, the share</i></p>
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<p><i>shareholder, together with all the preceding transferors, at the choice of the Board of Directors, shall be jointly and severally liable for payment of the outstanding amount. The transferors shall be liable for a term of 3 years reckoned after the date of the respective transfer.</i></p> <p><i>The provisions of this article shall not impede the Bank from using any of the means contemplated in article 45 of the Business Corporations Act.</i></p>	<p><i>will be redeemed, with the subsequent reduction in capital, the amounts already paid up remaining in the Company earnings. Should partially paid-up shares be transferred, the acquiring shareholder, together with all the preceding transferors, at the choice of the Board of Directors, shall be jointly and severally liable for payment of the outstanding amount. The transferors shall be liable for a term of 3 years reckoned after the date of the respective transfer.</i></p> <p><i>The provisions of this article shall not impede the Bank from using any of the means contemplated in applicable legislation against the defaulting shareholders.</i></p>
<p><b>Article 13. <i>ter</i> Preference shares</b></p> <p><i>The Company may issue shares which grant a privilege over ordinary shares, which do not bear any of the forms provided in Article 50, 2 of the law of Public Limited Companies, complying with the formalities required for the modification of Articles of Association.</i></p> <p><i>When the privilege consists of the right to obtain a preference dividend, the company will be required to resolve to distribute the dividend if any distributable profits should exist. The General Meeting and/or Board of Directors at the time of deciding the issue of the shares, will decide whether the holders of preference shares will be entitled to the same dividend as corresponds to the ordinary shares, once the preference dividend has been resolved.</i></p> <p><i>If there should be no distributable profits or if there should not be a sufficient amount of these, the part of the preference dividend not paid will or will not be accumulated on the terms resolved by the General Meeting at the time when the issue of shares is decided. Ordinary shares may in no case receive dividends</i></p>	<p><b>Article 13. Preference shares</b></p> <p><i>The Company may issue shares which grant a privilege over ordinary shares under the legally established terms and conditions, complying with the formalities prescribed for the amendment of the Company Bylaws.</i></p>

<p><i>charged to the profit of a financial year, until the preference dividend corresponding to the same financial year has been paid.</i></p>	
<p><b>Article 15. Rights of shareholders</b></p> <p><i>The following are the rights of the Bank's shareholders and may be exercised within the conditions and terms and subject to the limitations set out in these Bylaws:</i></p> <p>a) <i>To participate, in proportion to the paid up capital, in the distribution of the company's earnings and in the assets resulting from liquidation.</i></p> <p>b) <i>Preemptive subscription right in the issue of new shares or debentures convertible into shares.</i></p> <p>c) <i>To attend General Meetings, in accordance with article 23 hereof, and to vote at these, except in the case of nonvoting shares, and also to challenge corporate resolutions.</i></p> <p>d) <i>To call for Ordinary or Extraordinary General Meetings, on the terms set out in the Business Corporations Act and herein.</i></p> <p>e) <i>To examine the Annual Accounts, the Management Report, the proposed allocation of results and the Report of the Auditors, and also, if appropriate, the Consolidated Accounts and Management Report, in the manner and within the time limit provided in article 29 hereof.</i></p> <p>f) <i>The right to information, in accordance with the Business Corporations Act and these Bylaws</i></p> <p>g) <i>For the member and persons who, where appropriate, have attended the General Meeting of Shareholders as proxies for non-attending members, to obtain at any time certified copies of the resolutions and of the Minutes of General Meetings.</i></p> <p>h) <i>In general, all rights that may be recognized by</i></p>	<p><b>Article 15. Rights of shareholders</b></p> <p><i>The following are the rights of the Bank's shareholders and may be exercised within the conditions and terms and subject to the limitations set out in these Bylaws:</i></p> <p>a) <i>To participate, in proportion to the paid up capital, in the distribution of the company's earnings and in the assets resulting from liquidation.</i></p> <p>b) <i>Preemptive subscription right in the issue of new shares or debentures convertible into shares.</i></p> <p>c) <i>To attend General Meetings, in accordance with article 23 hereof, and to vote at these, except in the case of nonvoting shares, and also to challenge corporate resolutions.</i></p> <p>d) <i>To call for ordinary or extraordinary General Meetings, under the terms and conditions set out in the Companies Act and these Bylaws.</i></p> <p>e) <i>To examine the Annual Accounts, the Management Report, the proposed allocation of results and the Report of the Auditors, and also, if appropriate, the Consolidated Accounts and Management Report, in the manner and within the time limit provided in article 29 hereof.</i></p> <p>f) <i>The right to information, pursuant to applicable legislation and these Bylaws.</i></p> <p>g) <i>For the member and persons who, where appropriate, have attended the General Meeting of Shareholders as proxies for non-attending members, to obtain at any time certified copies of the resolutions and of the Minutes of General Meetings.</i></p> <p>h) <i>In general, all rights that may be recognized by a</i></p>

<i>a statutory provision or by these Bylaws.</i>	<i>statutory provision or by these Bylaws.</i>
<p><b>Article 16. Obligations of the shareholders</b></p> <p><i>The following shall be the obligations of the shareholders:</i></p> <p>a) <i>To abide by the Bylaws and the resolutions of General Meetings, of the Board of Directors and of the other bodies of government and administration.</i></p> <p>b) <i>To pay calls on shares, when required.</i></p> <p>c) <i>To accept that the Courts of competent jurisdiction shall be determined on the basis of the location of the registered office of the Bank for the resolution of any differences that the shareholder, as such may have with the Company, and for that purpose the shareholder shall be deemed to have waived the right to have recourse to the Courts of his own locality.</i></p> <p>d) <i>All other obligations deriving from legal provisions or from these Bylaws.</i></p>	<p><b>Article 16. Obligations of the shareholders</b></p> <p><i>Shareholders have the following obligations:</i></p> <p>a) <i>To abide by the Bylaws and by the resolutions of General Meetings, of the Board of Directors and other bodies of government and administration.</i></p> <p>b) <i>To pay the portion of capital that may have been pending disbursement, when so required.</i></p> <p>c) <i>To accept that the Courts of competent jurisdiction shall be determined on the basis of the location of the registered office of the Bank for the resolution of any differences that the shareholder, as such may have with the Company, and for that purpose the shareholder shall be deemed to have waived the right to have recourse to the Courts of his own locality.</i></p> <p>d) <i>All other obligations deriving from legal provisions or from these Bylaws.</i></p>
<p><b>Article 19 Classes of Meetings</b></p> <p><i>General Meetings of Shareholders may be Ordinary or Extraordinary. The Ordinary General Meeting shall be the one whose purpose is to consider how the Company has been managed, to approve the accounts for the previous financial year, if appropriate, and to resolve as to the allocation of results, without prejudice to such resolutions as it may adopt concerning any other item on the agenda, provided that it is attended by the number of shareholders and the portion of capital prescribed by law or hereby, in each individual case.</i></p>	<p><b>Article 19 Classes of Meetings</b></p> <p><i>General Meetings of Shareholders may be Ordinary or Extraordinary. The Ordinary General Meeting, convened as such, will necessarily meet within the first six months of each year. It will give approval, where forthcoming, of the corporate management, the accounts for the previous year and resolve as to the allocation of results, without prejudice to such resolutions as it may adopt, within the scope of its powers, concerning any other item on the agenda or that are allowed by law provided that the General Meeting is attended by the number of shareholders and the portion of capital required by law or the Bylaws in each case.</i></p>

<p><i>Every Meeting other than that provided for in the foregoing paragraph shall be considered an Extraordinary General Meeting.</i></p>	<p><i>Every Meeting other than that provided for in the previous paragraph will be considered an Extraordinary General Meeting.</i></p>
<p><b>Article 20. Convening of Meetings: Authority responsible.</b></p> <p>a) <i>General Meetings shall be convened on the initiative of the Board of Directors, without prejudice to article 99 of the Business Corporations Act.</i></p> <p>b) <i>If requested by a number of shareholders representing at least five per cent of the capital, a General Meeting must also be convened. In any such case, the Board of Directors must convene the meeting to be held within the 30 days following the date on which a notarial intimation was served upon it for that purpose, and notice of that fact must be recorded in the convening notice. The Agenda must without fail include the matters to which the request for a Meeting referred.</i></p> <p><i>An Ordinary General Meeting must also be convened in the circumstances envisaged in article 101 of the Business Corporations Act</i></p>	<p><b>Article 20. Convening Meetings.</b></p> <p><i>General Meetings shall be convened at the initiative of the Board of Directors whenever it deems this necessary or advisable for the Company's interests, and in any case on the dates or in the periods determined by law and these Bylaws.</i></p> <p><i>If requested by one or several shareholders representing at least five per cent of the share capital, the Board of Directors must also convene a General Meeting. The request must expressly state the business to be dealt with. In such event, the Board of Directors must convene the Meeting so that it is held within the legally established period as of the date on which the Board of Directors is served duly attested notice to convene it. The agenda must without fail include the matters to which the request for a meeting referred.</i></p>
<p><b>Article 21. Form and content of the convening notice</b></p> <p><i>General Meetings, whether Ordinary or Extraordinary, must be convened by means of notices published in the Official Gazette of the Commercial Registry and in one of the most widely circulated newspapers in the province where the registered office is located, at least fifteen days before the date appointed for it to be held, except in the events in which a longer term is established by law.</i></p>	<p><b>Article 21. Form and content of the convening notice</b></p> <p><i>General Meetings, whether Ordinary or Extraordinary, must be convened by means of announcements published in the Official Gazette of the Companies Registry and on the Company website, within the notice period required by law, except when legal provisions establish other media for disseminating the notice.</i></p>

<p><i>The notice shall indicate the date of the meeting on a first convening and all the matters to be considered thereat, and the references that should be specified in the notice under the Business Corporations Act. The date on which the meeting should be held on a second convening may also be placed on record in the notice.</i></p> <p><i>At least twenty-four hours should be allowed to elapse between the first and the second meeting</i></p>	<p><i>The notice shall indicate the date, time and place of the meeting on a first convening and its agenda, which will give all the business that the Meeting will deal with, and any other references that may be required by law. The date on which the meeting should be held on a second convening may also be placed on record in the announcement.</i></p> <p><i>At least twenty-four hours should be allowed to elapse between the first and second meeting.</i></p> <p><i>The Board of Directors may consider technical media and the legal bases that enable and guarantee remote attendance at the General Meeting and will evaluate the possibility of organising attendance over remote media.</i></p>
<p><b>Article 22. Place of meeting.</b></p> <p><i>Except in the event contemplated in article 99 of the Business Corporations Act, General Meetings shall be held at the locality where the Company has its registered office, on the date indicated in the convening notice, and sessions may be extended for one or more consecutive days at the request of the Board of Directors or of a number of shareholders representing at least one quarter of the capital present at the meeting, and also may be transferred to a place other than that indicated in the convening notice, within the same locality, with the knowledge of those present, in the event of force majeure.</i></p>	<p><b>Article 22. Place of meeting.</b></p> <p><i>Except in events established by law for Universal General Meetings, General Meetings shall be held at the municipal area where the Company has its registered office, on the date indicated in the convening notice, and sessions may be extended for one or more consecutive days at the request of the Board of Directors or of a number of shareholders representing at least one quarter of the capital present at the meeting, and also may be transferred to a place other than that indicated in the convening notice, within the same municipal area, with the knowledge of those present, in the event of force majeure.</i></p>
<p><b>Article 24. Proxies</b></p> <p><i>Any shareholder entitled to attend may attend meetings represented by another shareholders, using the system of proxy established by the Company for each Meeting, which shall be placed on record on the attendance card. A single shareholder may not be represented at the Meeting by more than one shareholder.</i></p>	<p><b>Article 24. Proxies</b></p> <p><i>Any shareholder entitled to attend may attend meetings represented by another person, who need not necessarily be a shareholder. The proxy must be conferred specifically for each General Meeting, using the proxy form established by the Company, which shall be recorded on the attendance card. A single</i></p>



<p><i>Likewise, authorisation may only be conferred by means of remote communication that comply with the requirements established by Law.</i></p> <p><i>The appointment of a proxy by a fiduciary or merely apparent shareholder may be rejected</i></p>	<p><i>shareholder may not be represented at the General Meeting by more than one proxy.</i></p> <p><i>Likewise, authorisation may be conferred by means of remote communications that comply with the requirements established by law.</i></p> <p><i>The appointment of a proxy by a fiduciary or merely apparent shareholder may be rejected.</i></p>
<p><b>Article 28. Matters to be considered by the Meetings</b></p> <p><i>At Ordinary and Extraordinary General Meetings, only matters which are specifically indicated in the convening notice may be dealt with, without prejudice to Articles 131 and 134 of the Business Corporations Act.</i></p>	<p><b>Article 28. Matters to be considered by the Meetings</b></p> <p><i>At Ordinary and Extraordinary General Meetings, only matters which are specifically indicated in the convening notice may be dealt with, except as provided for by law.</i></p>
<p><b>Article 30. Powers of the Meeting</b></p> <p><i>The following are the powers of the General Meeting of Shareholders:</i></p> <p>a) <i>Modify the Articles of Association of the Company, and also confirm or rectify the interpretation of these made by the Board of Directors.</i></p> <p>b) <i>Determine the number of Directors to form the Board of Directors, appoint and dismiss the members of this and also ratify or revoke the provisional appointments of these members made by the Board of Directors.</i></p> <p>c) <i>Increase or reduce the share capital delegating, where appropriate, to the Board of Directors, the power to indicate, within a maximum time, according to the Law of Public Limited Companies, the date or dates of its execution, who may use all or part of that power or even refrain from it in consideration of the conditions of the</i></p>	<p><b>Article 30. Powers of the Meeting</b></p> <p><i>The General Meeting of Shareholders has the following powers:</i></p> <p>a) <i>Modify the Company Bylaws, and also confirm or rectify the interpretation of these made by the Board of Directors.</i></p> <p>b) <i>Determine the number of Directors to form the Board of Directors, appoint, re-elect and dismiss Board members, and ratify or revoke the provisional appointments of such members made by the Board of Directors.</i></p> <p>c) <i>Increase or reduce the share capita delegating, where appropriate, to the Board of Directors the power to indicate, within a maximum time, pursuant to law, the date or dates of its execution, who may use all or part of that power or even refrain from doing so in consideration of the conditions in the market, in the Company itself or of any fact or event of social or</i></p>

<p>market, the company itself or any fact or event of social or economic importance which makes this decision advisable, informing of this at the first General Meeting of Shareholders held when the term fixed for its execution has elapsed.</p> <p>d) Authorise the Board of Directors to increase the share capital in accordance with the provisions of Article 153.1.b) of the Business Corporations Act. When the General Meeting delegates that power, it may also attribute the power to exclude the preferential subscription right in relation to the issues of shares which are the object of delegation subject to the terms and requirements determined by Law.</p> <p>e) Delegate to the Board of Directors the modification of the par value of the shares representing the share capital, giving a new wording to Article 5 of the Articles of Association.</p> <p>f) Issue debentures, bonds or other similar securities, simple, mortgage, exchangeable or convertible, with fixed or variable interest, which may be subscribed for in cash or in kind, or under any other condition of profitability or entailment, modality or characteristic, also being able to authorise the Board of Directors to make the said issues. In the case of the issue of convertible debentures, the Shareholders' Meeting will approve the conditions and modalities of the conversion and the increase of the share capital by the amount necessary for the purposes of the said conversion, as provided by Article 292 of the Business Corporations Act.</p>	<p>economic importance which makes this decision advisable, reporting on this at the first General Meeting held when the term set for its execution has elapsed.</p> <p>d) Authorise the Board of Directors to increase share capital as established by law. When the General Meeting delegates such power, it may also confer powers to exclude the preferential subscription right over the share issues referred to in the authority, under the terms and conditions and with the requirements established by law.</p> <p>e) Delegate to the Board of Directors the amendment of the nominal value of the shares representing the share capital, re-wording article 5 of the Company Bylaws.</p> <p>f) Issue debentures, bonds or other securities recognising or creating debt, whether senior, mortgage, exchangeable or convertible, with fixed or variable interest, which may be subscribed in cash or in kind, or under any other condition of profitability or entailment, modality or characteristic. The General Meeting may also authorise the Board of Directors to make said issues. It may also confer authority on the Board of Directors to exclude or limit the preferential subscription right over the convertible debenture issues under the terms and conditions and with the requirements established by law. In the event of convertible debenture issues, the General Meeting will approve the conditions and modalities of the conversion and the increase of the share capital by the amount necessary for the purposes of the said</p>
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<p>g) <i>Examine and approve the Annual Accounts, the proposal on the application of the result and examine the company management corresponding to each financial year and also, where appropriate, the Consolidated Accounts.</i></p> <p>h) <i>Appoint the Auditors.</i></p> <p>i) <i>Change the legal status of, merge, spilt off or dissolve the Company.</i></p> <p>j) <i>Decide on any matter which is submitted to its decision by the Board of Directors, which, when in its judgement significant circumstances or facts arise which affect the company, shareholders or corporate bodies, will be required to call as soon as possible a General Meeting of Shareholders to deliberate and decide on the specific resolutions of those included in this article which are proposed for its decision. In any case it will be compulsory to call a meeting when circumstances or events of an exceptional or extraordinary nature occur.</i></p> <p>k) <i>Make a statement on any other matter reserved to the Meeting by a statutory provision or by these Articles of Association</i></p>	<p><i>conversion, as established by law.</i></p> <p>g) <i>Examine and approve the annual accounts, the proposal on the application of result and the Company management for each financial year and also, where appropriate, the consolidated accounts.</i></p> <p>h) <i>Appoint, re-elect and dismiss the auditors.</i></p> <p>i) <i>Approve the transformation, merger, split, global assignment of assets and liabilities, dissolution and offshoring of the registered offices.</i></p> <p>j) <i>Make a statement on any other matter reserved to the Meeting by legal provision or by these Bylaws.</i></p> <p>k) <i>To approve its Regulations and any later amendments, pursuant to the Board of Director's proposal regarding these.</i></p>
<p><b>Article 31. Adopting resolutions</b>  <b><i>At ordinary and/or extraordinary Shareholders Meetings, resolutions shall be adopted with the majorities required by the Spanish Companies Law (Ley de Sociedades Anónimas).</i></b></p> <p><i>Every shareholder attending the General Shareholders Meeting shall have one vote for every share he/she holds or represents, however much he/she may have paid up.</i></p>	<p><b>Article 31<sup>o</sup>. Adoption of resolutions.</b>  <i>At ordinary and/or extraordinary General Meetings, resolutions shall be adopted with the majorities required by law and by these Bylaws.</i></p> <p><i>Every shareholder attending the General Meeting shall have one vote for each share owned or represented, however much has been paid up for it. Shareholders</i></p>

<p><i>However, those shareholders who have failed to pay up on the calls for subscribed capital shall not have voting rights with regard to those shares whose call money has not been paid. Nor shall holders of shares without voting rights.</i></p> <p><i>Shareholders may delegate or exercise their voting rights on proposals regarding Agenda items for any kind of GSM by post, e-mail or any other remote means of communication, provided the voter's identity is duly guaranteed.</i></p>	<p><i>who are not up to date in the payment of calls for pending disbursements shall not have the right to vote, but only with regard to the shares whose call disbursements has not been paid. Nor shall holders of shares without voting rights.</i></p> <p><i>Shareholders may delegate or exercise their vote on proposals regarding matters in the agenda items at any kind of General Meeting by postal correspondence, electronic correspondence or any other remote means of communication, provided that the identity of the person exercising their voting right is duly guaranteed.</i></p> <p><i>The Board of Directors may draw up the suitable rules, means and procedures to instrument the voting process and the granting of proxy over remote media, complying with the requirements established by law.</i></p>
<p><b>Article 32. Minutes of Meetings</b></p> <p><i>The Secretary of the Meeting shall prepare Minutes thereof to be entered in the Minute Book; they may be approved by the Meeting itself at the end of the session, failing which within a period of fifteen days by the Chairman of the meeting and two examiners, one representing the majority and the other the minority.</i></p> <p><i>The Minutes, when approved by either of the above methods, shall be enforceable as from the date of their approval and they shall be signed by the Secretary and countersigned by the Chairman.</i></p> <p><i>Any certificates issued of the said Minutes already approved, shall be signed by the Secretary, failing which by the Vice-Secretary of the Board of Directors,</i></p>	<p><b>Article 32. Minutes of Meetings</b></p> <p><i>The Secretary of the Meeting shall prepare minutes thereof which shall be entered in the minute boo; the minutes may be approved by the Meeting itself at the end of the session, and failing that, within a period of fifteen days, by the Chairman of the General Meeting and two shareholders examiners, one representing the majority and the other the minority.</i></p> <p><i>The corporate resolutions may be implemented as of the date of approval of the minutes in which they appear.</i></p> <p><i>The minutes of the meeting will be signed by the Secretary and countersigned by the Chairman.</i></p> <p><i>Any certificates that are issued in connection with the minutes once approved, will be signed by the Secretary and, failing that, by the Secretary of the Board of</i></p>



<p><i>The maximum number of members on the Committee shall be the number established under Article 34 of these Bylaws, and there will always be a majority of Non-Executive Directors.</i></p> <p><i>The Committee shall have its own set of specific regulations, approved by the Board of Directors. These will determine its duties, and establish the procedure to enable it to meet its commitments. In all cases, the meetings shall be called in compliance with the regulations established for the Board of Directors in the second paragraph of Article 40 of these Bylaws. Its quorum for proper constitution and ratification of resolutions shall comply with Article 41; and its Minutes shall be covered by the provisions of Article 44.</i></p> <p><i>The Audit Committee shall have, as a minimum, the following powers:</i></p> <ul style="list-style-type: none"> <li><i>a) to report, at the General Shareholders Meeting on issues that shareholders bring up in it regarding matters within the scope of its powers</i></li> <li><i>b) to propose to the Board of Directors, for submission to the General Shareholders Meeting, the appointment of the Auditor of Accounts referred to in article 204 of the Spanish Company Law (Ley de Sociedades Anónimas) and, where applicable, the conditions under which they are to be hired, the scope of their professional remit, and the termination or renewal of their appointment.</i></li> <li><i>c) to supervise internal auditing services.</i></li> <li><i>d) to know the financial information process and the internal control systems.</i></li> </ul>	<p><i>both.</i></p> <p><i>The maximum number of members on the Committee shall be the number established in article 34 of these Bylaws, and there will always be a majority of non-executive directors.</i></p> <p><i>The Committee shall have its own set of specific regulations, approved by the Board of Directors. These will determine its duties, and establish the procedures to enable it to meet its commitments. In all cases, the arrangements for calling meetings, the quorum for proper constitution and adoption and documentation of resolutions will be governed by the provisions of these Company Bylaws with respect to the Board of Directors.</i></p> <p><i>The Audit Committee will have the powers established by law, by the Board Regulations and by its own regulations.</i></p>
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<p>e) <i>to maintain relations with the Accounts Auditor to receive information on such questions as could jeopardise the Accounts Auditor's independence, and any others related to the process of auditing the accounts, as well as to receive information and maintain communications with the Accounts Auditor as established under the legislation of accounts audits and the technical auditing standards.</i></p>	
<p><b>Article 51. Financial year.</b>  <i>The accounting period of the Company shall be one year, coinciding with the calendar year, ending on December 31 each year.</i></p> <p><i>The Annual Accounts, the Management Report, the proposal for the allocation of results and the Auditors' Report and, as may be the case, the Consolidated Accounts and Management Report, shall be published in the manner determined in each case by applicable legislation and these Bylaws.</i></p>	<p><b>Article 51. Financial year.</b>  <i>The accounting periods of the Company shall be one year, coinciding with the calendar year, ending on 31st December each year.</i></p>
<p><b>Article 52. Preparation of the Annual Accounts</b>  <i>The Annual Accounts and other accounting documents to be submitted to the Ordinary General Meeting of Shareholders must be prepared in accordance with the layout determined in each case by the legislation applicable to Banking Institutions.</i></p>	<p><b>Article 52. Annual Accounts</b>  <i>The annual accounts and other accounting documents that must be submitted to the ordinary General Meeting for approval must be prepared in accordance with the chart established by prevailing provisions applicable to banking institutions.</i></p> <p><i>The annual accounts, the management report, the proposal for allocation of results and the auditors' report and, where applicable, the consolidated financial statements and management report, will be given the publicity that is determined at any time by prevailing provisions and these Bylaws.</i></p>
<p><b>Article 53. Allocation of results</b>  <i>To calculate the disposable earnings, all overheads, interest payments, perquisites and taxes shall be subtracted from the products obtained during the year,</i></p>	<p><b>Article 53. Allocation of results</b>  <i>The General Meeting shall resolve on the allocation of results from the year, in accordance with the balance sheet approved.</i></p>

<p><i>as shall the amounts that must be allocated to provisions and amortisation.</i></p> <p><i>The resulting earnings, once the above-mentioned sums are subtracted, shall be distributed in the following order:</i></p> <p>a) <i>Endowment to insurance-benefit reserves and funds, required by prevailing legislation and, where applicable, to the minimum dividend mentioned under article 13 of these bylaws.</i></p> <p>b) <i>A minimum of four percent of the paid-up capital, as shareholder dividend, pursuant to article 130 of the Companies Act.</i></p> <p>c) <i>Four percent of the same to remunerate the services of the board of directors and the executive committee, unless the board itself resolves to reduce this percentage in years when it deems this to be appropriate. The resulting figure shall be made available to the board of directors to distribute amongst its members at the time and in the form and proportion that it determines. The resulting amount may be paid in cash or, if the General Meeting so resolves pursuant to the Companies Act, by delivery of shares, share options or remuneration indexed to the share price.</i></p> <p><i>This amount may only be taken out after the shareholders' right to the minimum 4% dividend mentioned above has been duly recognised.</i></p>	<p><i>The Company's net earnings will be distributed in the following order:</i></p> <p>a) <i>Endowment to insurance-benefit reserves and funds, required by prevailing legislation and, where applicable, to the minimum dividend mentioned under article 13 of these bylaws.</i></p> <p>b) <i>A minimum of four percent of the paid-up capital, as shareholder dividend..</i></p> <p>c) <i>Four percent of the same to remunerate the services of the board of directors and the executive committee, unless the board itself resolves to reduce this percentage in years when it deems this to be appropriate. The resulting figure shall be made available to the board of directors to distribute amongst its members at the time and in the form and proportion that it determines. The resulting amount may be paid in cash or, if the General Meeting so resolves pursuant to the law, by delivery of shares, share options or remuneration indexed to the share price.</i></p> <p><i>This amount may only be taken out after the shareholders' right to the minimum 4% dividend mentioned above has been duly recognised.</i></p>
<p><b>Article 54. Grounds of dissolution.</b></p> <p><i>The Bank shall be dissolved in the circumstances laid down in that respect by current legislation.</i></p>	<p><b>Article 54. Grounds of dissolution.</b></p> <p><i>The Bank will be dissolved under the circumstances laid down in that respect by prevailing legislation.</i></p>



<p><i>In any of the events contemplated in numbers 3, 4, 5 and 7 of part 1 of article 260 of the Business Corporations Act, the dissolution of the company shall require a resolution adopted by the General Meeting assembled as contemplated in article 102 of said Act.</i></p>	
<p><b>Article 56. Liquidation phase.</b>  <i>Once it has been resolved to dissolve the Company, the liquidation phase shall commence and, although the Company shall retain its legal status, the representative capacity of the Directors and other authorized agents to enter into new contracts and contract new obligations shall cease, and the liquidators shall assume the functions referred to in article 272 of the Business Corporations Act.</i></p>	<p><b>Article 56. Liquidation phase.</b>  <i>Once the dissolution has been resolved, the liquidation phase shall commence and although the Company shall retain its legal status, the representative capacity of the directors and other authorised agents to enter into new contracts and contract new obligations shall cease, and the liquidators shall assume the functions attributed to them by law.</i></p> <p><i>The liquidation of the Company will be done in compliance with the prevailing legal provisions at any time.</i></p>
<p><b>Additional Provisions</b></p> <p><b>First.</b> <i>The Bank shall decide in its absolute discretion whether to accept or reject proposals for transactions made to it, and in no case shall it be under any obligation to explain the reasons for its decisions.</i></p> <p><b>Second.</b> <i>In cases where, as a result of theft, misappropriation, misplacement or destruction of deposit certificates or documents in lieu thereof application is made for a duplicate, the Bank, at the request of the person concerned, shall give notice of the occurrence in the Official State Gazette and, optionally, in a newspaper of its choice, all expenses being borne by the applicant. If no objection is lodged within the thirty days following the date of publication of the last notice, a duplicate of the receipt in question shall be issued, the original being cancelled and the Bank being exempted from any liability in that connection.</i></p>	

**Third.** *The Company, when having prompt information from the Securities Compensation and Settlement Service of all the operations performed on its shares, may use the system of direct and personal communication with its shareholders in all cases where the regulations in force allow the publication in the press and/or in the official organs of dissemination of the facts, acts or data related with the company to be replaced by this procedure*

*Report presented by the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A., regarding the proposed amendment to the General Meeting Regulations included under agenda item eleven of the General Meeting called for 10th and 11th March 2011 at first and second summons, respectively.*

## **1. SUBJECT MATTER**

*This report is filed by the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter "BBVA" or the "Company") to provide the grounds of the proposal submitted to the approval of the General Meeting of Shareholders to be held in Bilbao, on 10th March 2011 at 12:00 at first summons, and in the same place at the same time on 11th March 2011 at second summons, under agenda item eleven, regarding the amendment of certain articles in the General Meeting Regulations.*

*As a consequence of the recent enactment of the Capital Companies Act (Ley de Sociedades de Capital) adopted under Legislative Royal Decree 1/2010, 2nd Jul (hereinafter the "Capital Companies Act"), and the consequent repeal of the consolidated text of the Companies Act (Ley de Sociedades Anónimas), adopted under Legislative Royal Decree 1564/1989, 22nd December (hereinafter the "Companies Act"), it has become necessary to adapt the Company's General Meeting Regulations both with respect to the amendments that these laws have brought in to the applicable legislation, insofar as they refer to aspects that are subject to regulation in the General Meeting Regulations, and with respect to deleting the express references made to the Companies Act in them.*

*With this purpose, it is deemed advisable for the corporate interests to propose the General Meeting amend the following articles in the General Meeting Regulations: Article 2. Types of General Meetings, Article 3. Powers of the General Meeting, Article 4. Convening the Meeting, Article 5. Notice of Meeting, Article 9. Proxies at the General Meeting, Article 10. Form of proxy, Article 11. Place and procedures, Article 18. Conducting the General Meeting and Article 20. Adopting resolutions.*

*To make it easier for shareholders to understand the changes motivating the proposed amendment being submitted to the General Meeting, we first provide an explanation of the purpose and the grounds for the amendment and then include the proposed resolution that is being submitted to the General Meeting's approval, including the new wording being proposed*

*To provide for clearer comparison between the new wording of the articles being proposed for amendment and the current wording, an annex is attached to this report, for information purposes, with a verbatim transcription of the unamended and the amended text, in which the right-hand column contains the changes that are being proposed so they can be seen against the currently prevailing text, which is set in the left-hand column.*

## **2. GROUNDS FOR THE PROPOSAL**

### **2.1. GENERAL GROUNDS FOR THE PROPOSAL**

*The proposed amendment to the General Meeting Regulations that is presented to consideration by the General Meeting of Company Shareholders pursues the following fundamental objectives:*

- 1) To adapt the General Meeting Regulations to the recent legislative amendments regarding company law that have been introduced with the Capital Companies Act, thereby bringing the content of the Regulations into line with the amendments to the Company Bylaws also being proposed to the General Meeting under agenda item ten; and*
- 2) Update the General Meeting Regulations, deleting references to the Companies Act and introducing certain technical and drafting enhancements.*

*An explanation of each of the proposed amendments is given below:*

### **2.2 DETAILED GROUNDS FOR THE PROPOSAL**

*Having explained the fundamental grounds for proposing to amend the General Meeting Regulations, a more detailed explanation is given below of each proposed amendment for each of the articles affected:*

**Proposed amendment of article 2 of the General Meeting Regulations regarding the types of General Meetings**

*This proposed amendment, like the proposed amendment to article 19 of the Company Bylaws, is intended to adapt the article to the wording of articles 163 to 165 of the Capital Companies Act, and bring in enhancements to the wording.*

*In particular, the reference to the "reviewing" of corporate management, which was the term used to translate the Spanish term "censurar" under the Companies Act to be replaced by "approval of corporate management", as established under article 163 of the Capital Companies Act.*

**Proposed amendment of article 3 of the General Meeting Regulations regarding the powers of the General Meeting**

*The proposal aims to adapt this article to the new wording of the Capital Companies Act in articles 160 (on the powers of the General Meeting) and 512 (on the General Meeting's approval of its own Regulations), and to introduce technical enhancements and delete references to the Companies Act; thereby bringing it into line with the proposed amendment to article 30 of the Company Bylaws.*

**Proposed amendment of article 4 of the General Meeting Regulations regarding the convening the meeting**

*This proposed amendment is intended to adapt article 4 of the General Meeting Regulations to the wording of articles 167 and 168 of the Capital Companies Act with respect to the duty of directors to convene meetings and the request by minorities to do so (which was already contained in this article), and the introduction of technical enhancements.*

*Thus, it is proposed that the directors duty to convene the General Meeting mentioned in article 167 of the Capital Companies Act "whenever they deem it necessary or advisable*

*for the corporate interests, and in all cases on the date or in the periods determined by law and by the Bylaws" be included.*

*The cases in which a minority may request the General Meeting be convened is moved to a second paragraph and, apart from adapting the content of the second paragraph of the article in the General Meeting Regulations to the wording of article 168 of the Capital Companies Act, this proposed amendment substitutes the period of thirty days laid down in article 4 for convening a General Meeting to include a reference to the "legally established" period, and to add the obligation that the request include "business to be dealt with".*

**Proposed amendment of article 5 of the General Meeting Regulations regarding the publication of the notice of meeting**

*The proposal aims to adapt the Regulations to what article 172 of the Capital Companies Act establishes regarding the supplement to the notice of meeting and to the latest new legal provisions regarding the dissemination and content of the notice of meeting established in the articles 172 and 174 of the Capital Companies Act. Various technical enhancements are also proposed. Thus:*

- *Regarding the notice period, it is proposed that the fifteen day period referred to in the first paragraph of article 5 be replaced by the notice period "required by law".*
- *Regarding the media for publication of the notice of meeting, it is proposed that the regulation be brought into line with the content of article 173 of the Capital Companies Act, as worded in Royal Decree Act 13/2010, 3rd December, on actions in tax, employment and deregulatory matters to encourage investment and create jobs, which has amended the format of the notice of meeting, establishing that this be published in the BORME (Official Gazette of Companies Registries of Spain) and on the corporate website, deleting the requirement to publish in the written press, except for companies that do not have a corporate website.*

- *Regarding the content of the notice of meeting, it is proposed that the second paragraph be brought into line with the content of article 174 of the Capital Companies Act, and technical enhancements be made.*
- *It is also proposed that the seventh paragraph of the article be amended to bring it into line with the proposed amendment of article 21 of the Company Bylaws regarding the possibility of evaluating remote attendance of the General Meeting when preparing the call to meeting (article 182 of the Capital Companies Act).*
- *Regarding the supplement to the notice of meeting, it is proposed that a paragraph be added to adapt it to what is established in article 172 of the Capital Companies Act, in the same terms as the contents of that article.*
- *Finally, a new paragraph is proposed, to be added to the end of article 5 to include the latest legislative standards regarding setting up an online shareholder forum on the Company website on the occasion of each General Meeting, with access to individual shareholders and voluntary associations of shareholders, in order to facilitate their communication in the run-up to the General Meetings, pursuant to article 528.2 of the Capital Companies Act.*

**Proposed amendment of article 9 of the General Meeting Regulations regarding representation to attend the General Meeting**

*In line with the proposed amendment of article 24 of the Company Bylaws, this proposal is intended to change the rules on the representation of shareholders at the General Meeting that the Company has applied until now, to bring them into line with the possibilities offered by article 184 of the Capital Companies Act, to make it easier for shareholders to be represented by proxy at the General Meeting, deleting the requirement that the proxy be another shareholder.*

*Minor changes in the wording are also proposed.*



**Proposed amendment of article 10 of the General Meeting Regulations regarding the public call for proxy**

*The proposed amendment consists solely in the deletion of the reference to the Companies Act in the first paragraph of article 10.*

**Proposed amendment of article 11 of the General Meeting Regulations regarding the place and the arrangement**

*This proposed amendment is solely intended to adapt to the amended terminology brought in by article 175 of the Capital Companies Act, which substitutes the Spanish equivalent to the term "locality" used in the Companies Act by "municipal area". **Proposed amendment of article 18 of the General Meeting Regulations regarding the operation of the General Meetings***

*This proposed amendment consists solely in the deletion of the reference to the Companies Act in the third paragraph of article 18.*

**Proposed amendment of article 20 of the General Meeting Regulations regarding the adoption of resolutions**

*The proposal is intended to delete the reference to the Companies Act in the first paragraph and to adapt the Spanish wording to the terminology employed by the Capital Companies Act to refer to "pending disbursements" (which were previously referred to as "capital at call"), and to bring in technical and drafting enhancements to the second paragraph.*

**3. PROPOSED RESOLUTION TO BE SUBMITTED TO THE GENERAL MEETING**

*In view of the grounds contained in the previous section, the amendment proposal is included below, with express reference to each article affected:*

**“PROPOSED RESOLUTIONS UNDER AGENDA ITEM ELEVEN FOR THE ANNUAL GENERAL MEETING OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A. SHAREHOLDERS, TO BE HELD 11TH MARCH 2011**

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*To adopt the amendment to the following articles of the General Meeting Regulations: Article 2. Types of General Meetings, Article 3. Powers of the General Meeting, Article 4. Convening the Meeting, Article 5. Notice of Meeting, Article 9. Proxies at the General Meeting, Article 10. Form of proxy, Article 11. Place and procedures, Article 18. Conducting the General Meeting and Article 20. Adopting resolutions, to bring them into line with the amendments contained in the consolidated text of the Capital Companies Act, adopted by Legislative Royal Decree 1/2010, 2nd July, and to match the wording of the Company Bylaws, whose amendment is also proposed under agenda item ten, and to update them and bring in technical enhancements, such that the articles would be worded as follows:*

**“Article 2. Types of General Meetings**

*General Meetings of Shareholders may be annual or extraordinary.*

*The Annual General Meeting (AGM), convened as such, must necessarily meet within the first six months of each year. It will give approval, where forthcoming, of the corporate management, the accounts for the previous year, and resolve as to the application of profits. However, it will also be able to resolve on any other business on the agenda or that are allowed by law, within the scope of its powers, provided that the General Meeting is attended by the number of shareholders and the portion of capital required by law or the Bylaws in each case.*

*Any other General Meetings held by the Company will be considered Extraordinary General Meetings. (EGMs).*

**Article 3. Powers of the General Meeting**

*In accordance with the Law and the Corporate Bylaws, the General Meeting is empowered to:*

- i) *Amend the Corporate Bylaws and confirm and rectify the interpretation of said Bylaws by the Board of Directors.*
- ii) *Determine the number of seats on the Board of Directors, appoint, re-elect and dismiss Board members, and ratify or revoke the provisional appointments of such members made by the Board of Directors.*
- iii) *Increase or reduce the share capital. Where it sees fit, the General Meeting will confer authority to the Board of Directors powers to establish the date(s) of said increase/decrease, within a maximum period, and in accordance with the Law. It shall specify who may make use of the authority, in full or in part, or abstain from so doing, in light of conditions in the market and the company, and of any event or fact of corporate or financial importance that may make such decision advisable. The Board shall inform the first General Meeting held after the deadline for increasing/reducing capital of what it has done.*
- iv) *Confer authority upon the Board of Directors to increase share capital as established by Law. When the General Meeting confers said authority, it may also empower the Board to exclude preferential subscription rights in share issues covered by the authority, under the terms and requirements established by Law.*
- v) *Empower the Board of Directors to amend the nominal value of shares representing the Company's equity, re-wording article 5 of the Corporate Bylaws.*
- vi) *Issue debentures, bonds or other securities recognising or creating debt, whether senior, mortgage-backed, exchangeable or convertible, with fixed or variable interest, which may be subscribed in cash or in kind, or under any other condition of profitability or entailment, modality or characteristic. The General Meeting may also authorise the Board of Directors to make said issues. It may also confer authority on the Board of Directors to exclude or limit preferential subscription rights over the convertible debenture issues under the terms and conditions and with the requirements established by law. In the event of convertible debenture issues, the General Meeting will approve the conditions and modalities of the conversion and the increase of the share capital by the amount necessary for the purposes of the said conversion, as established by law.*
- vii) *Examine and approve where appropriate, the Annual Accounts, the proposed application of profits and the Company management for each financial year and also, where appropriate, the Consolidated Accounts.*
- viii) *Appoint, re-elect and dismiss the auditors.*
- ix) *Approve the transformation, merger, split, global assignment of assets and liabilities, dissolution and offshoring of the registered offices.*

*xi) Pronounce on any other matter reserved to the General Meeting by law or under the Bylaws.*

*xii) Approve its Regulations and any later amendments, pursuant to the Board of Director's proposal regarding these.*

#### **Article 4. Convening the meeting**

*General Meetings shall be convened at the initiative of and according to the agenda determined by the Board of Directors.*

*It must necessarily convene them whenever it deems this necessary or advisable for the Company's interests, and in any case on the dates or in the periods determined by law and the Company Bylaws.*

*A General Meeting must also be convened if requested by one or several shareholders representing at least five per cent of the share capital. The request must expressly state the business to be dealt with. In such event, the Board of Directors must convene the General Meeting so that it is held within the legally established period as of the date on which the Board of Directors is served duly attested notice to convene it. The agenda must without fail include the matters to which the request for a meeting referred.*

#### **Article 5. Notice of meeting**

*Annual and Extraordinary General Meetings must be convened with the notice period required by law by means of an announcement published by the Board of Directors or its proxy, in the Official Gazette of the Companies Registry and on the Company website, except when legal provisions establish other media for disseminating the notice.*

*The notice shall state the date, time and place of the Meeting at first summons and its agenda, which will give all the business that the Meeting will deal with, and any other references that may be required by law.*

*It must also state the date on which the General Meeting will be held at second summons. There must be at least twenty-four hours between the first and second summons.*

*The notice of meeting for the General Meeting shall state the shareholders' right, as of the date of its publication, to immediately obtain at the registered offices, free of charge, any proposed resolutions, reports and other documents required by Law and by the Bylaws.*

*It shall also include necessary data regarding shareholder information services, indicating telephone numbers, e-mail addresses, offices and opening hours.*

*Documents relating to the General Meeting shall be hung on the company Website, with information on the agenda, the proposals from the Board of Directors, and any relevant information shareholders may need to issue their vote.*

*Where applicable, information shall be provided on how to follow or attend the General Meeting over remote media systems, when this has been established, pursuant to the Company Bylaws. Information on anything else considered useful or convenient for the shareholders for such purposes will also be included*

*Shareholder representing at least five per cent of the share capital may request a supplement to the notice calling a General Meeting be published adding one or more agenda items. The right to do this may be exercised by duly attested notification to the Bank registered head office during the five days after the call to meeting is published. The supplement to the notice of meeting must be published at least fifteen days prior to the date on which the General Meeting is scheduled.*

*Pursuant to applicable legislation, the Company will establish an Online Shareholder Forum on its website on the occasion of each General Meeting, providing access with due guarantees both for individual shareholders and any voluntary associations that may be set up, in order to facilitate their communication in the run-up to the General Meeting. Shareholders may post proposals on the Online Forum that they intend to present as supplements to the agenda announced in the notice of meeting; requests to second such proposals; initiatives to reach the threshold for minority rights established by law; and offers or requests for voluntary proxy.*

#### **Article 9. Proxies at the General Meeting**

*Any shareholder entitled to attend may be represented at the General Meeting by another person, who need not necessarily be a shareholder.*

*The proxy must be conferred specifically for each General Meeting, using the proxy form established by the Company, which shall be recorded on the attendance card. A single may not be represented at the General Meeting by more than one proxy.*

*Representation conferred to someone who may not act proxy by law shall not be valid nor enforceable. Nor shall representation conferred by a fiduciary or apparent holder.*

*Proxies must be conferred in writing or by remote communication media that comply with the requirements of law regarding remote voting. They must be specific for each General Meeting.*

*Representation shall always be revocable. Should the shareholder represented attend the General Meeting in person, his/her representation shall be deemed null and void.*

#### **Article 10. Form of proxy**

*The form of proxy must always comply with the Law.*

*The form of proxy must contain or be attached to the agenda, and include request for voting instructions indicating the general way in which the proxy shall vote should no precise instructions be given.*

*When the directors send out a form of proxy, the voting rights corresponding to the shares represented shall be exercised by the Chairman of the General Meeting, unless otherwise indicated in the form. Shareholders giving no specific voting instructions will be deemed to vote in favour of the proposals presented by the Board of Directors at each General Meeting.*

*Should the directors or others send out a form of proxy, the director granted said proxy may not exercise the voting rights corresponding to the shares represented, on agenda items that may lead to a conflict of interests, and in no event may the representative vote regarding the following resolutions:*

- *Their appointment or ratification in a directorship.*
- *Their dismissal, severance or resignation from a directorship.*
- *Legal proceedings against the representative by the company.*
- *Approval or ratification, where applicable, of company operations with the director in question, companies said director may control or represent or persons acting to his/her account.*

*In these cases, another director or a third party may be designated as representative who is not affected by the conflict of interests.*

*The authority conferred may also cover items that the General Meeting deals with that were not included on the agenda in the notice of meeting. In such event, the provisions of the previous paragraph shall also apply.*

*Forms of proxy may also be sent out by e-mail in compliance with the prevailing regulations at any time.*

**Article 11. Place and Procedures**

*The General Meetings shall be held in the municipal area where the Company offices are registered, on the day established in the notice of meeting. Its sessions may be extended over one or more consecutive days at the behest of the Board of Directors or of shareholders representing at least one quarter of the capital present at the General Meeting.*

*The Board of Directors may, in the event of force majeure, decide to hold the General Meeting somewhere other than initially established, within the same municipal area, provided it informs shareholders of this with due publicity.*

*This information requirement will be satisfied with the publication of an announcement in a national newspaper and on the Company's Website, and by posting announcements in the place initially established for holding the General Meeting.*

*In the event of force majeure, the Board of Directors may decide that the General Meeting be moved once it has begun to a different site within the same municipal area.*

*The meeting may be held in separate rooms provided there is audiovisual equipment to permit the unity of the event through real-time interactivity and intercommunication between the rooms. The right of all shareholders attending to take part in the General Meeting and their entitlement to exercise the voting rights must be duly guaranteed.*

**Article 18. Organisation of the General Meetings**

*The proposed resolutions filed by the Board of Directors shall then be read out, unless the General Meeting deems this unnecessary.*

*Should the General Meeting be held in the presence of a Notary Public, the Secretary shall give the Notary the corresponding proposed resolutions so that they are properly set down in the minutes.*

*After the corporate speakers address the meeting in the order established by the Chair, the floor will be opened to the shareholders to ask their questions, request information or clarification regarding agenda items or formulate proposals in the terms established by Law.*

*Shareholders wishing to speak shall identify themselves, indicating their forename, surname and number of shares held or represented. Should they wish their words to be included in or annexed to the minutes of the*

*General Meeting, they must deliver them in writing and duly signed to the Secretary of the General Meeting or the Notary, as applicable, prior to taking the floor.*

*The floor will be opened in the fashion established by the Chairman who, in view of circumstances, may determine the amount of time to be allotted to each speaker. The Chairman shall try to ensure that the same time is allotted to each. However, the Chairing Committee may:*

*i) Extend the time initially allotted to each shareholder to speak, when the shareholder's intervention so merits.*

*ii) Request speakers to clarify or expand on questions they have brought up that it does not deem to have been sufficiently explained, in order to clearly discern the content and subject-matter of their proposals or statements.*

*iii) Call speakers to order when they over-run time, or when the proper operation of the General Meeting may be jeopardised. It may also withdraw their right to the floor.*

*Once the shareholders have had their say, they will be given answers. The information or clarification requested shall be given by the Chairman or, where applicable and at the Chairman's behest, by the Chief Operating Officer, another Director or any other employee or expert in the matter. Should it not be possible to satisfy the shareholders' right at the time, the information shall be facilitated in writing within seven days after the General Meeting has finished.*

*Directors are obliged to provide the information requested in the terms expressed above, except in cases established under Article 6 of these Regulations.*

*The above notwithstanding, the Chair, in pursuit of its duties, may order the General Meeting to be run in the fashion it considers most proper. The Chair may modify the established protocol as demanded by timing and organisational needs arising at any time*

#### **Article 20. Adoption of resolutions**

*The resolutions shall be adopted with the majorities required by law and by the Corporate Bylaws.*

*Every shareholder attending the General Meeting shall have one vote for each share owned or represented, however much has been paid up for it. However, shareholders who are not up to date in the payment of calls for subscribed capital will not have the right to vote, but only with regard to the shares whose pending disbursement has not been paid. Holders of shares without voting rights may not vote.*



*To determine the outcome, votes emitted in the General Meeting minutes by shareholders and proxies shall be counted along with those emitted by proxy as a consequence of a public request for proxies under the terms of said proxy, and those emitted by post or e-mail or any other remote means of communication complying with the requirements.*

*The Chair shall inform the shareholders whether or not the resolutions proposed to the General Meeting have been approved when it has proof that there were sufficient votes to reach the majorities required for each resolution.*

ANNEX

COMPARATIVE INFORMATION ON THE ARTICLES OF THE GENERAL  
MEETING REGULATIONS WHOSE AMENDMENT IS PROPOSED

<b>CURRENT WORDING OF THE GENERAL MEETING REGULATIONS</b>	<b>AMENDMENT PROPOSED TO THE GENERAL MEETING</b>
<p><b>ARTICLE 2. TYPES OF GENERAL MEETINGS</b></p> <p><i>General Meetings may be ordinary or extraordinary.</i></p> <p><i>The Annual General Meeting (AGM) must necessarily meet within the first six months of each year. It will review corporate management, approve the accounts for the previous year, should it see fit, resolve on the application of profits and on any other business included on the agenda. It may do only do so when the number of shareholders and the capital required in each case by law or by its bylaws are present or duly represented.</i></p> <p><i>Any other General Meetings held by the company shall be considered Extraordinary General Meetings (EGMs).</i></p>	<p><b>ARTICLE 2. TYPES OF GENERAL MEETINGS</b></p> <p><i>General Meetings may be ordinary or extraordinary.</i></p> <p><i>The Annual General Meeting (AGM), convened as such, must necessarily meet within the first six months of each year. It will give approval, where forthcoming, of the corporate management, the accounts for the previous year, and resolve as to the application of profits. However, it will also be able to resolve on any other business on the agenda or that are allowed by law, within the scope of its powers, provided that the General Meeting is attended by the number of shareholders and the portion of capital required by law or the Bylaws in each case.</i></p> <p><i>Any other General Meetings held by the Company will be considered Extraordinary General Meetings.(EGMs).</i></p>
<p><b>ARTICLE 3. POWERS OF THE GENERAL MEETING</b></p> <p><i>In accordance with the Law and the Corporate Bylaws, the General Meeting is empowered to:</i></p>	<p><b>ARTICLE 3. POWERS OF THE GENERAL MEETING</b></p> <p><i>In accordance with the Law and the Corporate Bylaws, the General Meeting is empowered to:</i></p>

<p>i) <i>Amend the Corporate Bylaws and confirm and rectify the interpretation of said Bylaws by the Board of Directors.</i></p> <p>ii) <i>Determine the number of Directorships on the Board of Directors; appoint and dismiss its members, and ratify and revoke the Board's provisional appointments of members.</i></p> <p>iii) <i>Increase or reduce the share capital. Where it sees fit, the General Meeting will confer authority to the Board of Directors powers to establish the date(s) of said increase/decrease, within a maximum period, and in accordance with the Spanish Company Act. It shall specify who may make use of the authority, in full or in part, or abstain from so doing, in light of conditions in the market and the company, and of any event or fact of corporate or financial importance that may make such decision advisable. The Board shall inform the first General Meeting held after the deadline for increasing/reducing capital of what it has done.</i></p> <p>iv) <i>Confer authority upon the Board of Directors to increase share capital in accordance with article 153.1b) of the Company Act. When the General Meeting confers said authority, it may also empower the Board to exclude preferential subscription rights in share issues covered by the authority, under the terms and requirements established by Law.</i></p>	<p>i) <i>Amend the Corporate Bylaws and confirm and rectify the interpretation of said Bylaws by the Board of Directors.</i></p> <p>ii) <i>Determine the number of seats on the Board of Directors, appoint, re-elect and dismiss Board members, and ratify or revoke the provisional appointments of such members made by the Board of Directors.</i></p> <p>iii) <i>Increase or reduce the share capital. Where it sees fit, the General Meeting will confer authority to the Board of Directors powers to establish the date(s) of said increase/decrease, within a maximum period, and in accordance with the Law. It shall specify who may make use of the authority, in full or in part, or abstain from so doing, in light of conditions in the market and the company, and of any event or fact of corporate or financial importance that may make such decision advisable. The Board shall inform the first General Meeting held after the deadline for increasing/reducing capital of what it has done.</i></p> <p>iv) <i>Confer authority upon the Board of Directors to increase share capital as established by Law. When the General Meeting confers said authority, it may also empower the Board to exclude preferential subscription rights in share issues covered by the authority, under the terms and requirements established by Law.</i></p>
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<p>v) <i>Empower the Board of Directors to amend the nominal value of shares representing the Company's equity, re-wording article 5 of the Corporate Bylaws.</i></p>	<p>v) <i>Empower the Board of Directors to amend the nominal value of shares representing the Company's equity, re-wording article 5 of the Corporate Bylaws.</i></p>
<p>vi) <i>Issue obligations, bonds or other analogous securities. These may be simple, mortgage-based, convertible or exchangeable, at fixed or variable interest rates, subscribable in cash or kind, or subject to any other condition regarding their return or bundling, modality or characteristic. It may also confer authority on the Board of Directors to make said issuances. When convertible bonds are to be issued, the General Meeting shall approve the bases and modalities of conversion and the increase of share capital to the amount required to effect such conversion, in accordance with article 292 of the Company Act.</i></p>	<p>vi) <i>Issue debentures, bonds or other securities recognising or creating debt, whether senior, mortgage-backed, exchangeable or convertible, with fixed or variable interest, which may be subscribed in cash or in kind, or under any other condition of profitability or entailment, modality or characteristic. The General Meeting may also authorise the Board of Directors to make said issues. It may also confer authority on the Board of Directors to exclude or limit preferential subscription rights over the convertible debenture issues under the terms and conditions and with the requirements established by law. In the event of convertible debenture issues, the General Meeting will approve the conditions and modalities of the conversion and the increase of the share capital by the amount necessary for the purposes of the said conversion, as established by law.</i></p>
<p>vii) <i>Examine and approve the Annual Accounts, the proposed application of profits and the Consolidated Accounts, where applicable, and review the corporate management of each corresponding year.</i></p>	<p>vii) <i>Examine and approve where appropriate, the Annual Accounts, the proposed application of profits and the Company management for each financial year and also, where appropriate, the Consolidated Accounts</i></p>
<p>viii) <i>Appoint Auditors for the Accounts.</i></p>	<p>viii) <i>Appoint, re-elect and dismiss the auditors.</i></p>
<p>ix) <i>Transform, merge, split or wind up the Company.</i></p>	<p>ix) <i>Approve the transformation, merger, split, global assignment of assets and liabilities, dissolution and offshoring of the registered offices.</i></p>
<p>x)</p>	
<p>xi) <i>Resolve on any matter submitted to it by the</i></p>	

<p><i>Board of Directors which, when it deems there to be relevant circumstances or events affecting company, its shareholders or governing bodies, will be obliged to call a General Meeting as soon as possible to deliberate and decide on any of the specific resolutions included in this article that may be proposed to it. It is always obligatory to call the General Meeting when exceptional or extraordinary circumstances arise.</i></p> <p>xii) <i>Pronounce on any other matter reserved to the General Meeting by law or under the Bylaws.</i></p>	<p><i>xi) Pronounce on any other matter reserved to the General Meeting by law or under the Bylaws.</i></p> <p>.</p> <p><i>xii) Approve its Regulations and any later amendments, pursuant to the Board of Director's proposal regarding these.</i></p>
<p><b>ARTICLE 4. CONVENING THE MEETING</b></p> <p><i>General Meetings shall be convened at the initiative of and according to an agenda determined by the Board of Directors.</i></p> <p><i>The Board must necessarily convene a General Meeting when so requested by shareholders representing a minimum of five percent of the share capital. Should the Board of Directors convene the General Meeting to be held within the</i></p>	<p><b>ARTICLE 4 CONVENING THE MEETING</b></p> <p><i>General Meetings shall be convened at the initiative of and according to the agenda determined by the Board of Directors.</i></p> <p><i>It must necessarily convene them whenever it deems this necessary or advisable for the Company's interests, and in any case on the dates or in the periods determined by law and the Company Bylaws.</i></p> <p><i>A General Meeting must also be convened if requested by one or several shareholders representing at least five per cent of the share capital. The request must expressly state the business to be dealt with. In such event, the Board</i></p>

<p><i>following thirty days as of the date on which required to do so by notarised document, it shall make this circumstance known in the notice convening it, which shall cover the matters that said notarised document puts forward as grounds for holding the meeting.</i></p>	<p><i>of Directors must convene the General Meeting so that it is held within the legally established period as of the date on which the Board of Directors is served duly attested notice to convene it. The agenda must without fail include the matters to which the request for a meeting referred.</i></p>
<p><b>ARTICLE 5. NOTICE OF MEETING</b></p> <p><i>Annual and Extraordinary General Meetings must be convened by notices published by the Board of Directors or its agents in the Official Gazette of the Company Registry and in one of the highest-readership daily newspapers in the province of its registered offices, at least fifteen days before the date established for the meeting, except in cases where a longer term of notice is established.</i></p> <p><i>The notice shall state on which date the General Meeting is to meet at first summons and all the business it will deal with. It must contain all references stipulated under the Company Act.</i></p> <p><i>It must also state the date on which the General Meeting will be held at second summons. There must be at least twenty-four hours between the first and second summons.</i></p> <p><i>The notice of meeting for the General Meeting shall state the shareholders' right, as of the date of its publication, to immediately obtain at the registered offices, free of charge, any proposed resolutions, reports and other documents required by Law and by the Bylaws.</i></p> <p><i>It shall also include necessary data regarding shareholder information services, indicating</i></p>	<p><b>ARTICLE 5. NOTICE OF MEETING</b></p> <p><i>Annual and Extraordinary General Meetings must be convened with the notice period required by law by means of an announcement published by the Board of Directors or its proxy, in the Official Gazette of the Companies Registry and on the Company website, except when legal provisions establish other media for disseminating the notice.</i></p> <p><i>The notice shall state the date, time and place of the Meeting at first summons and its agenda, which will give all the business that the Meeting will deal with, and any other references that may be required by law.</i></p> <p><i>It must also state the date on which the General Meeting will be held at second summons. There must be at least twenty-four hours between the first and second summons.</i></p> <p><i>The notice of meeting for the General Meeting shall state the shareholders' right, as of the date of its publication, to immediately obtain at the registered offices, free of charge, any proposed resolutions, reports and other documents required by Law and by the Bylaws.</i></p> <p><i>It shall also include necessary data regarding shareholder information services, indicating</i></p>

<p><i>telephone numbers, e-mail addresses, offices and opening hours.</i></p> <p><i>Documents relating to the General Meeting shall be hung on the company Website, with information on the agenda, the proposals from the Board of Directors, and any relevant information shareholders may need to issue their vote.</i></p> <p><i>Where applicable, information shall be provided on systems for following the General Meeting from a remote location employing proper means of transmission, when so established. Information on anything else considered useful or convenient for the shareholders for such purposes shall be included.</i></p>	<p><i>telephone numbers, e-mail addresses, offices and opening hours.</i></p> <p><i>Documents relating to the General Meeting shall be hung on the company Website, with information on the agenda, the proposals from the Board of Directors, and any relevant information shareholders may need to issue their vote.</i></p> <p><i>Where applicable, information shall be provided on how to follow or attend the General Meeting over remote media systems, when this has been established, pursuant to the Company Bylaws. Information on anything else considered useful or convenient for the shareholders for such purposes will also be included</i></p> <p><i>Shareholder representing at least five per cent of the share capital may request a supplement to the notice calling a General Meeting be published adding one or more agenda items. The right to do this may be exercised by duly attested notification to the Bank registered head office during the five days after the call to meeting is published. The supplement to the notice of meeting must be published at least fifteen days prior to the date on which the General Meeting is scheduled.</i></p> <p><i>Pursuant to applicable legislation, the Company will establish an Online Shareholder Forum on its website on the occasion of each General Meeting, providing access with due guarantees both for individual shareholders and any voluntary associations that may be set up, in order to facilitate their communication in the run-up to the General Meeting. Shareholders may post proposals on the Online Forum that they intend to present as</i></p>
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	<p><i>supplements to the agenda announced in the notice of meeting; requests to second such proposals; initiatives to reach the threshold for minority rights established by law; and offers or requests for voluntary proxy.</i></p>
<p><b>ARTICLE 9. FORM OF PROXY</b></p> <p><i>Any shareholders entitled to attend may be represented at the General Meeting by another shareholder, using the proxy form established by the Company for any General Meeting. This information will be displayed on the attendance card. A single shareholder may not be represented at the General Meeting by more than one proxy.</i></p> <p><i>Representation conferred to someone who may not act proxy by law shall not be valid nor enforceable. Nor shall representation conferred by a fiduciary or apparent holder.</i></p> <p><i>Representation shall be conferred in writing or by remote means of communication in compliance with the requirements of article 105 in the Company Act, and other applicable legislation regarding remote voting. Rights of proxy shall be specific to each General Meeting.</i></p> <p><i>Representation shall always be revocable. Should the shareholder represented attend the General Meeting, his/her representation shall be deemed null and void.</i></p>	<p><b>ARTICLE 9. FORM OF PROXY</b></p> <p><i>Any shareholder entitled to attend may be represented at the General Meeting by another person, who need not necessarily be a shareholder.</i></p> <p><i>The proxy must be conferred specifically for each General Meeting, using the proxy form established by the Company, which shall be recorded on the attendance card. A single may not be represented at the General Meeting by more than one proxy.</i></p> <p><i>Representation conferred to someone who may not act proxy by law shall not be valid nor enforceable. Nor shall representation conferred by a fiduciary or apparent holder.</i></p> <p><i>Proxies must be conferred in writing or by remote communication media that comply with the requirements of law regarding remote voting. They must be specific for each General Meeting.</i></p> <p><i>Representation shall always be revocable. Should the shareholder represented attend the General Meeting in person, his/her representation shall be deemed null and void.</i></p>



<b>ARTICLE 10. PUBLIC CALL FOR PROXY</b>	<b>ARTICLE 10. PUBLIC CALL FOR PROXY</b>
<p><i>The form of proxy must always comply with the Company Act and other applicable provisions.</i></p>	<p><i>The form of proxy must always comply with the Law.</i></p>
<p><i>The form of proxy must contain or be attached to the agenda, and include request for voting instructions indicating the general way in which the proxy shall vote should no precise instructions be given.</i></p>	<p><i>The form of proxy must contain or be attached to the agenda, and include request for voting instructions indicating the general way in which the proxy shall vote should no precise instructions be given.</i></p>
<p><i>When the directors send out a form of proxy, the voting rights corresponding to the shares represented shall be exercised by the Chairman of the General Meeting, unless otherwise indicated in the form. Shareholders giving no specific voting instructions will be deemed to vote in favour of the proposals presented by the Board of Directors at each General Meeting.</i></p>	<p><i>When the directors send out a form of proxy, the voting rights corresponding to the shares represented shall be exercised by the Chairman of the General Meeting, unless otherwise indicated in the form. Shareholders giving no specific voting instructions will be deemed to vote in favour of the proposals presented by the Board of Directors at each General Meeting.</i></p>
<p><i>Should the directors or others send out a form of proxy, the director granted said proxy may not exercise the voting rights corresponding to the shares represented, on agenda items that may lead to a conflict of interests, and in no event may the representative vote regarding the following resolutions:</i></p>	<p><i>Should the directors or others send out a form of proxy, the director granted said proxy may not exercise the voting rights corresponding to the shares represented, on agenda items that may lead to a conflict of interests, and in no event may the representative vote regarding the following resolutions:</i></p>
<ul style="list-style-type: none"> <li>- <i>Their appointment or ratification in a directorship.</i></li> <li>- <i>Their dismissal, severance or resignation from a directorship.</i></li> <li>- <i>Legal proceedings against the representative by the company.</i></li> <li>- <i>Approval or ratification, where applicable, of company operations with the director in question, companies said director may</i></li> </ul>	<ul style="list-style-type: none"> <li>- <i>Their appointment or ratification in a directorship.</i></li> <li>- <i>Their dismissal, severance or resignation from a directorship.</i></li> <li>- <i>Legal proceedings against the representative by the company.</i></li> <li>- <i>Approval or ratification, where applicable, of company operations with the director in question, companies said director may</i></li> </ul>

<p><i>control or represent or persons acting to his/her account.</i></p> <p><i>In these cases, another director or a third party may be designated as representative who is not affected by the conflict of interests.</i></p> <p><i>The authority conferred may also cover items that the General Meeting deals with that were not included on the agenda in the notice of meeting. In such event, the provisions of the previous paragraph shall also apply.</i></p> <p>Forms of proxy may also be sent out by e-mail in compliance with the prevailing regulations at any time.</p>	<p><i>control or represent or persons acting to his/her account.</i></p> <p><i>In these cases, another director or a third party may be designated as representative who is not affected by the conflict of interests.</i></p> <p><i>The authority conferred may also cover items that the General Meeting deals with that were not included on the agenda in the notice of meeting. In such event, the provisions of the previous paragraph shall also apply.</i></p> <p>Forms of proxy may also be sent out by e-mail in compliance with the prevailing regulations at any time.</p>
<p><b>ARTICLE 11. PLACE AND PROCEDURES</b></p> <p><i>General Meetings shall be held in the locality where the Company offices are registered, on the day established in the notice of meeting. Its sessions may be extended over one or more consecutive days at the behest of the Board of Directors or of shareholders representing at least one quarter of the capital present at the General Meeting.</i></p> <p><i>In the event of force majeure, the Board of Directors may decide to hold the General Meeting somewhere else, provided it informs shareholders of this with due publicity.</i></p> <p><i>This information requirement will be satisfied with the publication of an announcement in a national newspaper and on the Company's Website, and by posting announcements in the place initially</i></p>	<p><b>ARTICLE 11. PLACE AND PROCEDURES</b></p> <p><i>The General Meetings shall be held in the municipal area where the Company offices are registered, on the day established in the notice of meeting. Its sessions may be extended over one or more consecutive days at the behest of the Board of Directors or of shareholders representing at least one quarter of the capital present at the General Meeting.</i></p> <p><i>The Board of Directors may, in the event of force majeure, decide to hold the General Meeting somewhere other than initially established, within the same municipal area, provided it informs shareholders of this with due publicity.</i></p> <p><i>This information requirement will be satisfied with the publication of an announcement in a national newspaper and on the Company's Website, and by posting announcements in the place initially</i></p>

<p><i>established for holding the General Meeting.</i></p> <p><i>In the event of force majeure, the Board of Directors may decide to transfer the General Meeting elsewhere within the same locality, after it has commenced.</i></p> <p><i>The meeting may be held in separate rooms provided there is audiovisual equipment to permit the unity of the event through real-time interactivity and intercommunication between the rooms. The right of all shareholders attending to take part in the General Meeting and their entitlement to exercise the voting rights must be duly guaranteed.</i></p>	<p><i>established for holding the General Meeting.</i></p> <p><i>In the event of force majeure, the Board of Directors may decide that the General Meeting be moved once it has begun to a different site within the same municipal area.</i></p> <p><i>The meeting may be held in separate rooms provided there is audiovisual equipment to permit the unity of the event through real-time interactivity and intercommunication between the rooms. The right of all shareholders attending to take part in the General Meeting and their entitlement to exercise the voting rights must be duly guaranteed.</i></p>
<p><b>ARTICLE 18. CONDUCTING THE GENERAL MEETING</b></p> <p><i>The proposed resolutions filed by the Board of Directors shall then be read out, unless the General Meeting deems this unnecessary.</i></p> <p><i>Should the General Meeting be held in the presence of a Notary Public, the Secretary shall give the Notary the corresponding proposed resolutions so that they are properly set down in the minutes.</i></p> <p><i>After the corporate speakers address the meeting in the order established by the Chair, the floor will be opened to the shareholders to ask their questions, request information or clarification regarding agenda items or formulate proposals in the terms established by the Company Act.</i></p> <p><i>Shareholders wishing to speak shall identify themselves, indicating their forename, surname</i></p>	<p><b>ARTICLE 18. CONDUCTING THE GENERAL MEETINGS</b></p> <p><i>The proposed resolutions filed by the Board of Directors shall then be read out, unless the General Meeting deems this unnecessary.</i></p> <p><i>Should the General Meeting be held in the presence of a Notary Public, the Secretary shall give the Notary the corresponding proposed resolutions so that they are properly set down in the minutes.</i></p> <p><i>After the corporate speakers address the meeting in the order established by the Chair, the floor will be opened to the shareholders to ask their questions, request information or clarification regarding agenda items or formulate proposals in the terms established by Law.</i></p> <p><i>Shareholders wishing to speak shall identify themselves, indicating their forename, surname</i></p>

<p><i>and number of shares held or represented. Should they wish their words to be included in or annexed to the minutes of the General Meeting, they must deliver them in writing and duly signed to the Secretary of the General Meeting or the Notary, as applicable, prior to taking the floor.</i></p> <p><i>The floor will be opened in the fashion established by the Chairman who, in view of circumstances, may determine the amount of time to be allotted to each speaker. The Chairman shall try to ensure that the same time is allotted to each. However, the Chairing Committee may:</i></p> <p><i>i) Extend the time initially allotted to each shareholder to speak, when the shareholder's intervention so merits.</i></p> <p><i>ii) Request speakers to clarify or expand on questions they have brought up that it does not deem to have been sufficiently explained, in order to clearly discern the content and subject-matter of their proposals or statements.</i></p> <p><i>iii) Call speakers to order when they over-run time, or when the proper operation of the General Meeting may be jeopardised. It may also withdraw their right to the floor.</i></p> <p><i>Once the shareholders have had their say, they will be given answers. The information or clarification requested shall be given by the Chairman or, where applicable and at the Chairman's behest, by the Chief Operating Officer, another Director or any other employee or expert in the matter. Should it not be possible to satisfy the shareholders' right at the time, the information shall be facilitated in writing within</i></p>	<p><i>and number of shares held or represented. Should they wish their words to be included in or annexed to the minutes of the General Meeting, they must deliver them in writing and duly signed to the Secretary of the General Meeting or the Notary, as applicable, prior to taking the floor.</i></p> <p><i>The floor will be opened in the fashion established by the Chairman who, in view of circumstances, may determine the amount of time to be allotted to each speaker. The Chairman shall try to ensure that the same time is allotted to each. However, the Chairing Committee may:</i></p> <p><i>i) Extend the time initially allotted to each shareholder to speak, when the shareholder's intervention so merits.</i></p> <p><i>ii) Request speakers to clarify or expand on questions they have brought up that it does not deem to have been sufficiently explained, in order to clearly discern the content and subject-matter of their proposals or statements.</i></p> <p><i>iii) Call speakers to order when they over-run time, or when the proper operation of the General Meeting may be jeopardised. It may also withdraw their right to the floor.</i></p> <p><i>Once the shareholders have had their say, they will be given answers. The information or clarification requested shall be given by the Chairman or, where applicable and at the Chairman's behest, by the Chief Operating Officer, another Director or any other employee or expert in the matter. Should it not be possible to satisfy the shareholders' right at the time, the information shall be facilitated in writing within</i></p>
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<p><i>seven days after the General Meeting has finished.</i></p> <p><i>Directors are obliged to provide the information requested in the terms expressed above, except in cases established under Article 6 of these Regulations.</i></p> <p><i>The above notwithstanding, the Chair, in pursuit of its duties, may order the General Meeting to be run in the fashion it considers most proper. The Chair may modify the established protocol as demanded by timing and organisational needs arising at any time.</i></p>	<p><i>seven days after the General Meeting has finished.</i></p> <p><i>Directors are obliged to provide the information requested in the terms expressed above, except in cases established under Article 6 of these Regulations.</i></p> <p><i>The above notwithstanding, the Chair, in pursuit of its duties, may order the General Meeting to be run in the fashion it considers most proper. The Chair may modify the established protocol as demanded by timing and organisational needs arising at any time.</i></p>
<p><b>ARTICLE 20. ADOPTING RESOLUTIONS</b></p> <p><i>The resolutions shall be adopted with the majorities required under the Company Act and the Corporate Bylaws.</i></p> <p><i>Shareholders attending the General Meeting shall have one vote for each share held or represented, whether paid up or not. However, shareholders who have not paid the amount due on any call shall not be entitled to vote. This limitation shall only refer to the shares called but not paid up, or shares without voting rights.</i></p> <p><i>To determine the outcome, votes emitted in the General Meeting minutes by shareholders and proxies shall be counted along with those emitted by proxy as a consequence of a public request for proxies under the terms of said proxy, and those emitted by post or e-mail or any other remote means of communication complying with the requirements.</i></p>	<p><b>ARTICLE 20. ADOPTING RESOLUTIONS</b></p> <p><i>The resolutions shall be adopted with the majorities required by law and by the Corporate Bylaws.</i></p> <p><i>Every shareholder attending the General Meeting shall have one vote for each share owned or represented, however much has been paid up for it. However, shareholders who are not up to date in the payment of calls for subscribed capital will not have the right to vote, but only with regard to the shares whose pending disbursement has not been paid. Holders of shares without voting rights may not vote.</i></p> <p><i>To determine the outcome, votes emitted in the General Meeting minutes by shareholders and proxies shall be counted along with those emitted by proxy as a consequence of a public request for proxies under the terms of said proxy, and those emitted by post or e-mail or any other remote means of communication complying with the requirements.</i></p>

*The Chair shall inform the shareholders whether or not the resolutions proposed to the General Meeting have been approved when it has proof that there were sufficient votes to reach the majorities required for each resolution.*

*The Chair shall inform the shareholders whether or not the resolutions proposed to the General Meeting have been approved when it has proof that there were sufficient votes to reach the majorities required for each resolution.*

## **REPORT REQUIRED BY ARTICLE 116.BIS OF THE SPANISH SECURITIES MARKET ACT**

Pursuant to Article 116.bis of the Securities Market Act, this explanatory report has been drawn up with respect to the following aspects:

### **a) Common stock structure, including securities not traded on a regulated EU market, with an indication, where applicable, of the different classes of shares and, for each class of shares, the rights and obligations they confer and the percentage of total common stock they represent:**

The BBVA Board of Directors, at its meeting on November 1, 2010, under the delegation conferred by the Annual General Meeting held on March 13, 2009, agreed to a BBVA capital increase (including the right to preferential subscription for former shareholders) that was completed for a nominal amount of €364,040,190.36, with the issue and release into circulation of 742,939,164 new ordinary shares of the same class and series as the previously existing ones, with a par value of €0.49 each and represented through book-entry accounts. The subscription price of the new shares was €6.75 per share, of which forty-nine euro cents (€0.49) corresponded to the par value and six euros and twenty-six cents (€6.26) corresponded to the share premium (Note 28), therefore, the total effective amount of the common stock increase was €5,014,839,357.

After the aforementioned capital increase, BBVA's share capital amounts to €2,200,545,059.65, divided into 4,490,908,285 fully subscribed and paid-up registered shares, all of the same class and series, at €0.49 par value each, represented through book-entry accounts.

All BBVA shares carry the same voting and dividend rights and no single stockholder enjoys special voting rights. There are no shares that do not represent an interest in the Bank's common stock.

BBVA shares are traded on the continuous market in Spain, as well as on the London and Mexico stock markets. BBVA American Depositary Shares (ADSs) traded on the New York Stock Exchange are also traded on the Lima Stock Exchange (Peru), under an exchange agreement between these two markets.

Also, as of December 31, 2010, the shares of BBVA Banco Continental, S.A., Banco Provincial S.A., BBVA Colombia, S.A., BBVA Chile, S.A., BBVA Banco Frances, S.A. and AFP Provida were listed on their respective local stock markets, the last two also being listed on the New York Stock Exchange. BBVA Banco Frances, S.A. is also listed on the Latin American market of the Madrid Stock Exchange.

### **b) Any restriction on the transferability of securities**

There are no legal or bylaw restrictions on the free acquisition or transfer of common stock other than those established in articles 56 and the following ones in Act 26/1988, of July 29, on discipline and oversight in credit institutions, amended by Act 5/2009, dated June 29, which establish that any individual or corporation, acting alone or together with other parties, intending to directly or indirectly acquire a significant holding in a Spanish credit institution (as defined in article 56 of the aforementioned Act 26/1998) or directly or indirectly increase its holding so that the voting rights or owned stock is enough to control the credit institution, or equal to or more than 20, 30 or 50 percent, must first inform the Bank of Spain. The Bank of Spain then has 60 working days, starting on the date of the acknowledgement of receipt of the information, to evaluate the operation and, if appropriate, oppose the proposed acquisition for legal reasons.

### **c) Significant direct or indirect holdings in the common stock**

As of December 31, 2010, Manuel Jove Capellán owned 5.07% of BBVA common stock through the company Inveravante Inversiones Universales, S.L.

As of the same date, State Street Bank and Trust Co., Chase Nominees Ltd. and The Bank of New York Mellon, S.A. NV, in their capacity as international custodian/depository banks, held 7.22%, 5.95% and 3.65% of BBVA common stock, respectively. From these holdings by the custodian banks, there are no individual shareholders with direct or indirect holdings greater than or equal to 3% of the BBVA common stock, except in the case of the Blackrock Inc. which on February 4, 2010, reported to the Spanish Securities and Exchange Commission (CNMV) that, as a result of the acquisition on December 1, 2009 of the Barclays Global Investors (BGI) business, it had an indirect holding of BBVA common stock totaling 4.45% through Blackrock Investment Management.

**d) Any restriction on voting rights.**

There are no legal or bylaw restrictions on the exercise of voting rights.

**e) Agreements between stockholders**

BBVA has not received any information on stockholder agreements including the regulation of the exercise of voting rights at its general meetings or restricting or placing conditions on the free transferability of BBVA shares.

**f) Regulations applicable to appointments and substitution of members of governing bodies and the amendment of company bylaws**

**Appointment and Re-election**

The rules applicable to the appointment and re-election of members of the Board of Directors are laid down in Articles 2 and 3 of the board regulations, which stipulate that members shall be appointed to the board by the Annual General Meeting without detriment to the Board's right to co-opt members in the event of any vacancy.

In any event, proposed candidates for appointment as directors must meet the requirements of applicable legislation in regard to the special code for financial entities, and the provisions of the Company's bylaws.

The Board of Directors shall put its proposals to the Annual General Meeting of the Bank's stockholders in such a way that, if approved, the Board would contain a large majority of external directors over executive directors and at least one third of the seats would be occupied by independent directors.

The proposals that the Board submits to the Bank's General Meeting for the appointment or re-election of directors and the resolutions to co-opt directors made by the Board of Directors shall be approved at (i) the proposal of the Appointments Committee in the case of independent directors and (ii) on the basis of a report from said committee in the case of all other directors.

The Board's resolutions and deliberations shall take place in the absence of the director whose re-election is proposed. If the director is at the meeting, he/she must leave the room.

Directors shall remain in office for the term defined by the corporate bylaws (currently Article 36 sets this term at three years) under a resolution passed by the Annual General Meeting. If they have been co-opted, they shall work out the term of office remaining to the director whose vacancy they have covered through co-option, unless a proposal is put to the Annual General Meeting to appoint them for the term of office established under the corporate bylaws.

**Termination of Directorship**

Directors shall resign from their office when the term for which they were appointed has expired, unless they are re-elected.

Directors must apprise the board of any circumstances affecting them that might harm the Company's reputation and credit and, in particular, of any criminal charges brought against them, and any significant changes that may arise in their standing before the courts.

Directors must place their office at the disposal of the board and accept its decision regarding their continuity in office. Should the board resolve they not continue, they shall accordingly



tender their resignation in the situations envisaged in article 12 of the board regulations.

Directors shall resign their positions on reaching 70 years of age. They must present their resignation at the first meeting of the Bank's board of directors after the Annual General Meeting that approves the accounts for the year in which they reach this age.

### **Changes to the corporate bylaws**

Article 30 of the BBVA bylaws establishes that the General Meeting of Stockholders has the power to amend the Bank bylaws and/or confirm and rectify the interpretation of said bylaws by the Board of Directors.

To such end, the regime established under articles 285 and following of the Corporations Act will be applicable.

Notwithstanding the foregoing, article 25 of the Bylaws lays down that in order to adopt resolutions for substituting the corporate object, transforming, breaking up or winding up the company or amending the second paragraph of this article, the General Meeting on first summons must be attended by two thirds of the subscribed common stock with voting rights and on second summons, 60% of said common stock.

### **g) Powers of the board members and, in particular, powers to issue and/or buy back shares**

The executive directors shall hold broad powers of representation and administration in keeping with the requirements and characteristics of the posts they occupy.

In addition, in terms of the capacity of the Board of Directors to issue BBVA shares, the AGM held on March 13, 2009, under the fifth point of the Agenda, resolved to confer authority on the Board of Directors, pursuant to article 153.1.b) of the Corporations Act (*Ley de Sociedades Anónimas*) (now Article 297.1b) of the Corporations Act, *Ley de Sociedades de Capital*), to resolve to increase the common stock on one or several occasions up to the maximum nominal amount representing 50% of the Company's common stock that is subscribed and paid up on the date on which the resolution is adopted, i.e., €918,252,434.60. Article 159.2 of the Corporations Act (now Article 506 of the Corporations Act) empowers the Board to exclude the preferred subscription right in relation to these share issues, under the terms and with the limitations of the aforementioned agreement. The directors have five years from the date of the adoption of the agreement by the General Meeting (March 13, 2009) to perform this common stock increase.

On the signing of this agreement, the Board of Directors agreed on a share capital increase of the Bank with the right to preferential subscription, as described in Note 27, on November 1, 2010. The Board of Directors, at its meeting on July 27, 2009, agreed to a share capital increase for the amount required to address the conversion of the convertible obligations agreed upon on said date, as described below. This will be carried out through the issue and release into circulation of up to 444,444,445 ordinary shares with a par value of €0.49 each and without prejudice to the adjustments that may arise according to the anti-dilution mechanisms.

At the Annual General Meeting held on March 14, 2008 the shareholders resolved to delegate to the Board of Directors for a five-year period the right to issue bonds, convertible and/or exchangeable into Bank shares for a maximum total of €9,000 million. The powers include the right to establish the different aspects and conditions of each issue, including the power to exclude the preferential subscription rights of shareholders in accordance with the Corporations Act, to determine the basis and methods of conversion and to increase capital stock in the amount considered necessary. In virtue of said authorization, the Board of Directors, at its meeting on July 27, 2009, agreed to proceed to the issue of convertible obligations for an amount of €2,000 million, as well as the corresponding Bank's share capital increase needed to address the conversion of said convertible obligations, on the basis of the conferral to the Board of Directors to increase share capital, as adopted by the aforementioned Annual General Meeting held on March 13, 2009.

The Annual General Meeting held on March 12, 2009, pursuant to Article 146 of the Spanish

Corporations Act, authorized the Company, directly or through any of its subsidiary companies, for a maximum of five years, to buy Banco Bilbao Vizcaya Argentaria, S.A. shares at any time and as often as deemed opportune, by any means accepted by law up to a maximum of 10% of the common stock of Banco Bilbao Vizcaya Argentaria, S.A. or, as applicable, the maximum amount authorized under applicable legislation.

**h) Significant resolutions that the company may have passed that come into force, are amended or conclude in the event of any change of control over the company following a public takeover bid. This exception will not apply when the company is legally bound to publish this information.**

No significant agreement is known by the Company that enters into force, is modified, or is terminated if there is a change in the control of the company resulting from a takeover bid.i) **Agreements between the Company and its directors, managers or employees establishing indemnity payments when they resign or are dismissed without due cause or if the employment contract expires due to a takeover bid**

There were no commitments as of December 31, 2010 for the payment of compensation to executive directors.

In the case of the President and COO, the contract lays down that in the event that they lose this status due to a reason other than their own will, retirement, invalidity or dereliction of duty, they will take early retirement with a pension, which can be received as life income or common stock, equal to 75% of their pensionable salary if this occurs before they reach 55 years old, or 85% after that age.

The Bank recognized the entitlement of some members of its management team, 45 executive managers, 13 of them belonging to the Management Committee, to be paid indemnity should they leave on grounds other than their own will, retirement, invalidity or dereliction of duty. The amount of this indemnity will be calculated in part as a function of their annual remuneration and the number of years they have worked for the Company.

The Bank has agreed clauses with some staff (50 technical and specialist employees) to indemnify them in the event of dismissal without due cause. The amounts agreed are calculated based on the professional and wage conditions of each employee.

*Remuneration Policy of the BBVA Board of  
Directors*

Grupo **BBVA**

February 2011

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### Subject matter

This report deals with the remuneration policy of Banco Bilbao Vizcaya Argentaria, S.A. 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 together for 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 corporate bylaws and the 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 regime and for running 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 reserve 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](http://www.bbva.com)).

According to best corporate governance practices worldwide, the BBVA board of directors has established several Committees to help it carry out its mission more efficiently. These Committees provide help on issues related to their particular area of competence.

In May 2010, the BBVA Board of Directors resolved to set up two new Committees: one to deal with Appointments and another to deal with Remuneration. These replace the previous Appointments & Remuneration Committee in order to keep the Bank's corporate governance system at the forefront of world governance practices and enhance the content of each Committee by greater specialisation in each separate item. This has meant amending the Board Regulations.

Below, we include a table with a breakdown of the Committees assisting the board and their members at year-end 2010:

Board Committees					
Full name	Executive Committee	Audit & Compliance	Appointment	Remuneration	Risks
Francisco González Rodríguez	●				
Ángel Cano Fernández	●				
Tomás Alfaro Drake		●	●		
Juan Carlos Álvarez Mezquíriz	●			●	
Rafael Bermejo Blanco		●			●
Ramón Bustamante y de la Mora		●			●
José Antonio Fernández Rivero			●		●
Ignacio Ferrero Jordi	●			●	
Carlos Loring Martínez de Irujo		●		●	
José Maldonado Ramos			●	●	●
Enrique Medina Fernández	●				●
Susana Rodríguez Vidarte		●	●	●	

This system of organisation requires a high number of meetings to be held both by 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 regime regarding incompatibilities imposed by the Bank's board regulations, constitute the underlying elements of the remuneration scheme for the non-executive directors.

### Remuneration Committee

Amongst 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 oversight of the observance of the remuneration policy established by the Company. The Committee will comprise a minimum of three members, to be named by the Board of Directors. All the members must be external directors and there must be a majority of independent directors, including the chairman.

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	Chairman	Independent
Juan Carlos Álvarez Mezquíriz	Member	Independent
Ignacio Ferrero Jordi	Member	Independent
José Maldonado Ramos	Member	External
Susana Rodríguez Vidarte	Member	Independent

This Committee meets as often as necessary to comply with its duties, convened by its chairman. During 2010 the Remuneration Committee has met 5 times to deal with matters within its remit.

The functions of the Remuneration Committee shall be as follows:

- Propose the remuneration system for the Board of Directors as a whole, in accordance with the principles established in the Company bylaws. This system shall deal with the items comprising the system, their amounts and method of payment.
- Determine the extent and amount of the remuneration, entitlements and other economic rewards for the Chairman & CEO, the President & Chief Operating Officer 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 shall be submitted to the Board of Directors.
- Issue a report on the directors' remuneration policy annually. This shall be submitted to the Board of Directors, which shall apprise the Company's Annual General Meeting of this each year.
- Propose the remuneration policy for senior management to the Board, and the core terms and conditions to be contained in their contracts.
- 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 shall 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. This is further explained in the sections that follow.

In reaching its decisions on remuneration issues, the Remuneration Committee and the Board of Directors in 2010 have received advice from the in-house BBVA services and information and advice from the principal global consultancy firms working on directors' and senior-managers' remuneration, such as Garrigues and Towers Watson. This report was drawn up by the Remuneration Committee with the help of Garrigues and Towers Watson.



## 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 and for the Group in line with the interests of shareholders:

- Long-term value creation.
- Remunerate 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 reflects 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 very latest standards in international corporate governance. These include those published in 2009 by the Financial Stability Board (FSB) and the Committee of European Bank Supervisors (CEBS). The strong alignment with the FSB standards was reflected in a report from a best-in-class consultancy in remuneration policy (MERCER), 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 European Parliament and Council published Directive 2010/76/EU, 24th November 2010 (hereinafter the "Directive"), regarding capital requirements for trading portfolios and re-securitisation transactions and supervision of remuneration policies. The Directive establishes provisions regarding the policies and practices of financial institutions with respect to remuneration and specifically with respect to categories of employees whose professional activities may have a significant impact on the entity's risk profile or who perform control or oversight functions.

Also in December 2010, the Committee of European Bank Supervisors (CEBS) published guidelines for gain a clearer understanding of the Directive (*Guidelines on Remuneration Policies and Practices*) that clarify and go into the details of how to interpret to the Directive's provisions.

As part of the constant improvement and evolution of the remuneration system and its alignment with best international practices, BBVA has analysed these documents and incorporated into its system those changes that it deems necessary to bring its remuneration policy into closer line with the provisions of the Directive and the CEBS.

The Group's remuneration policy is structured taking into account the environment in which it operates and the results it achieves. It includes the following elements:

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

Within this general framework, BBVA has established some principles that are specifically tailored to groups 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. There are currently 200 identified as such throughout the Group. These principles 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 functions 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 equilibrium 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.
- And clauses will be established to limit or prevent, in certain cases, part of the variable remuneration pending payment from being delivered.

The combination of these elements comprises a balanced remuneration system reflecting the Group strategy and its values as well as the interests of its shareholders.

## **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 Units comprising BBVA, so that at the end of the line, it rewards the contributions to value creation from individuals, teams and the aggregation of all of them.

The variable remuneration in BBVA comprises the following two core elements: ordinary variable remuneration, applicable to all employees, and a specific reward in shares for the management, whose essential aspects are listed below:

### 2.a) Ordinary variable remuneration

The BBVA variable remuneration model is based on establishing value creation targets for each Unit. Performance in meeting the targets 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 (Group and Unit indicators) and non-financial indicators that are specific to each Unit.

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) based on the amount of risk borne and the cost of capital employed as a principal financial indicator.

It has also established that non-financial elements should carry greater weight than financial indicators in the units with control and oversight functions (Internal Audit, Compliance, Financial Management, Legal Services, Accounts & Consolidation, Risks and Human Resources). This is in accordance with the Directive and reinforces the independence of the employees engaged in these functions vis a vis the areas they supervise.

### 2.b) Variable remuneration in shares

BBVA considers that it should maintain a system of variable remuneration in shares specifically for the Bank management staff considered to have a 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. Each year, every manager is awarded an allocation of units which will serve as the basis for determining how many shares will be delivered on the settlement date. This number will be associated

to the degree of compliance with a set of Group-level indicators, which will be determined annually.

For 2011, the above-mentioned indicators will be related to TSR (Total Shareholder Return), recurring Economic Profit (EP) and Net Attributable Profit.

The number of units initially allocated will be divided into three parts, each linked to each indicator. Each of these parts will be multiplied by coefficients of between 0 and 2 as a function of a scale, which will be 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.

The calculation of the number of shares that may be deliverable to the management for this incentive will be determined each year. This number of shares will, in general, be subject to the following criteria for retention:

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

BBVA, in order to align its remuneration system with the requirements of the Directive 2010/76/EU, 24th November 2010, regarding capital requirements for trading portfolios and re-securitisation transactions and supervision of remuneration policies, and with CEBS principles, has also established some specific conditions for payment of variable remuneration which will be applicable to the people who are engaged in professional activities that may have a significant impact on the Entity's risk profile or who perform control or oversight functions, including executive directors and senior management, in the following manner:

- In each of the variable remuneration payments, at least 50% of the total will be paid in BBVA shares.
- The payment of 40% of each element in the total 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 total variable remuneration.
- The shares paid may not be availed for one year. 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.
- Additionally, specific circumstances will be established in which the settlement of the deferred variable remuneration can be reduced or completely blocked.

Pursuant to the BBVA variable remuneration policy presented, the Entity's Board of Directors will propose that the AGM approves the system of variable remuneration in shares described above.

## 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 specific features of the BBVA Board of Directors and senior management are also taken into account for their members.

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 places a premium on 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 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.

### Remuneration policy for non-executive directors

The remuneration policy for non-executive directors is not intended to reward attendance at meetings via per diem payments. Rather, it is based on criteria measuring responsibility, dedication and incompatibilities inherent to each post held. There are two elements to said policy:

- 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.

## Remuneration scheme for executive 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

The Remuneration Committee each year considers the possible updating of the fixed remuneration of the executive directors established under article 50.bis of the Bank's bylaws and 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 senior management 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.

This year, the Committee has also considered the effect on the remuneration structure for executive directors of the changes in BBVA's general remuneration policy stemming from its adaptation to the requirements of Directive 2010/76/EU, 24th November 2010, on capital requirements for trading portfolios and re-securitisation transactions and supervision of remuneration policies. It also took into account the status of the fixed remuneration amount over the last few years.

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 meeting, 1st February 2011, following the proposal from the Remuneration Committee, resolved to establish the following fixed remuneration packages for the executive directors:

Chairman & CEO:	€1,966,260
President & COO:	€1,748,000

## Variable remuneration

The variable remuneration of the BBVA executive directors, like that of the rest of the senior management, comprises ordinary variable remuneration and an incentive for the management. 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. It also 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 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 and their evolution over time. These are then submitted to the approval of the Board of Directors.

The targets are significantly linked to the Group earnings, the Bank's cost-income ratio and each executive director's personal indicators subject to the following weighting:

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

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 recurrent Economic Profit (EP) as the main indicator for measuring the Group's targets for the purpose of establishing its executive directors' 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.

Technically speaking, the Economic Profit is obtained by taking the recurrent 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 recurrent profit generated over and above market expectations regarding capital yields.

### **Variable remuneration in shares**

A fundamental part of BBVA's remuneration of its managers, including executive directors and the senior management, is its policy of variable remuneration based on the delivery of Bank shares.

The managers are rewarded, as described in previous sections of this report, by allocating a number of units to each. 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 the current year, they would be as follows:

- Performance of the Bank's Total Shareholder Return (TSR) from 1st January to 31st December 2011, 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, Credit Agricole, Barclays, Lloyds Banking Group, Royal Bank of Scotland, UBS, Credit Suisse, HSBC, Commerzbank, Citigroup, Bank of America, JP Morgan Chase, 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 during the period under consideration.
- Compliance with the aforementioned budgeted recurrent economic profit in the Group.
- Compliance with the net attributable profit target in accordance with the Group's growth plans.

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.

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

Executive directors, like the rest of the senior management and of people engaged in professional activities with a significant impact on the Entity's risk profile or performing control and oversight functions, will receive their total variable remuneration for 2011 under the following terms and conditions:

- In each of the variable remuneration payments, at least 50% of the total will be paid in BBVA shares.
- The payment of 50% of each element in the total variable remuneration will be deferred over time. The deferred amount will then be paid by one third a year over the next three years.
- The shares paid may not be availed for one year. This retention will be applicable to the net amount of the shares, having discounted the part needed to settle the payment of tax on the shares received.
- Additionally, specific circumstances will be established in which the settlement of the deferred variable remuneration can be reduced or completely blocked.



### **Variable remuneration for 2010**

Once the final accounts are established for 2010, the executive directors' variable remuneration for the year will become payable, applying the system established by the Board of Directors and as a function of their degree of compliance with the targets established for each of them with respect to the Group's net attributable profit, recurrent economic profit, recurrent cost-income ratio and their own personal indicators. These will be weighted as follows:

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

Likewise, to determine the amount of variable remuneration payable for 2010, as for the rest of the BBVA senior management, the corporate multiplier will be applied that rewards the results obtained over and above the targets established for the Group's recurrent economic profit.

The Chairman & CEO has accrued the sum of €3,010,923 under the item of variable remuneration for 2010 payable in 2011. This is 11.13% below the amount accrued in 2009. The President & COO has accrued the sum of €1,889,389 under the item of variable remuneration for 2010 payable in 2011. This is the first full year for which he has held this position.

Also in 2011, pursuant to the terms established by the General Meeting, 13th March 2009 and in its corresponding Regulations, the 2009-2010 long-term incentivisation Programme will be settled. This was for management staff, including executive directors. The settlement will not entail the delivery of shares or any amount to its beneficiaries as the BBVA TSR comparison against the 18 international banks in its peer group was such that it produced a multiplier of 0 applicable to the number of units allocated to each beneficiary.

On the date of this report, the 2010-2011 long-term incentivisation programme adopted by the General Meeting, 12th March 2010 is in force. The number of units allocated to the executive directors under the programme was: 105,000 units to the Chairman & CEO and 90,000 units to the President & COO.

### **Corporate pension scheme**

Pursuant to article 50.bis of the corporate 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 2010 to cover the pension commitments for the President & COO stood at €14,550,777. 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.

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, his widow will be entitled to a pension of 50% of the average pensionable base for retirement or, as applicable, the retirement or disability pension that he may be receiving.

Likewise, an annual orphans' 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 widow's and orphans' pension be more than 100% of what 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.

## 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 current 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.

## 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 2010 was:

	Number of meetings
Board of Directors	14
Executive Committee	20
Audit & Compliance Committee	13
Risks Committee	48
Appointments & Remuneration Committee*	3
Appointments Committee	2
Remuneration Committee	2

- This includes the number of meetings held to May 2010, on which date the Committee was replaced by two specific, independent Committees, one for Appointments and one for Remuneration.

BBVA directors are also subject to a strict regime of 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.

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 director. 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 2010 are given below. The figures are itemised for membership of Committees and the positions held on the Committees:

Year 2010 Remuneration of Non-Executive Directors	Thousand of Euros							Total
	Board of Directors	Standing-Executive Committee	Audit Committee	Risk Committee	Appointments and Compensation Committee (4)	Appointments Committee (5)	Compensation Committee (5)	
Tomás Alfaro Drake	129	-	71	-	-	59	-	259
Juan Carlos Alvarez Mezquiriz	129	167	-	-	18	-	25	339
Rafael Bermejo Blanco	129	-	179	107	-	-	-	415
Ramón Bustamante y de la Mbra	129	-	71	107	-	-	-	307
José Antonio Fernández Rivero (1)	129	-	-	214	-	23	-	366
Ignacio Ferrero Jordá	129	167	-	-	18	-	25	339
José Maldonado Ramos (2)	129	-	71	-	45	-	62	307
Carlos Loring Martínez de Injujo	129	-	-	107	-	23	25	284
Enrique Medina Fernández	129	167	-	107	-	-	-	403
Susana Rodríguez Vidarte	129	-	71	-	18	23	25	266
<b>Total (3)</b>	<b>1,290</b>	<b>501</b>	<b>463</b>	<b>642</b>	<b>99</b>	<b>128</b>	<b>162</b>	<b>3,284</b>

(1) M. José Antonio Fernández Rivero, apart from the amounts detailed in the table above, also received a total of €652 thousand in early retirement benefit as a former director of BBVA.

(2) M. José Maldonado Ramos, who resigned as chief executive of BBVA on December 22, 2009, received in the year 2010 apart from the amounts detailed in the table above, a total of €605 thousand in accrued variable compensation in 2009 by his former post of Company Secretary.

(3) M. Roman Kröir Borras, who resigned as executive director on March 23, 2010, received in the year 2010 the total amount of €74 thousand as compensation for their membership of the Board of Directors and Standing Executive Committee until that date.

(4) By agreement of the Board of Directors on May 25, 2010, created two new Appointments and Compensation Committees, which replaced the former Appointments and Compensation Committee.

(5) Remuneration received from June 1, 2010.

Moreover, during 2010, insurance premiums have been paid for non-executive directors to the total joint sum of €94,939.

### Scheme for remuneration with deferred distribution 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. It comprises an annual allocation of "theoretical BBVA shares" to the non-executive directors, as part of their pay, which will be delivered, where applicable, on the date on which they cease to be directors for any cause 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 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 2010 as beneficiaries of the scheme for remuneration through deferred delivery of shares, corresponding to 20% of the remuneration payable to said directors during 2009, and the total number of theoretical shares accumulated are as follows:

<b>Scheme for Remuneration of Non-Executive Directors with Deferred Distribution of Shares</b>	<b>Theoretical Shares assigned in 2010</b>	<b>Accumulated Theoretical Shares</b>
Tomás Alfaro Drake	3,521	13,228
Juan Carlos Alvarez Mezquiriz	5,952	39,463
Rafael Bermejo Blanco	7,286	23,275
Ramón Bustamante y de la Mora	5,401	38,049
José Antonio Fernández Rivero	6,026	30,141
Ignacio Ferrero Jordi	5,952	40,035
Carlos Loring Martínez de Irujo	5,405	25,823
Enrique Medina Fernández	7,079	51,787
Susana Rodríguez Vidarte	4,274	24,724
<b>Total (*)</b>	<b>50,896</b>	<b>286,525</b>

(\*) Additionally, were also assigned to Don Roman Knorr Borrás, who resigned as director as of March 23, 2010, 5,198 theoretical shares equivalent to 20% of the remuneration received by him in 2009.

This long-term remuneration system is in line with international tendencies in corporate governance, since 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 there is such dereliction, the director would not receive any payment under this item.

Having reached the end of the initial five-year term established in the AGM resolution, 18th March 2006, for this system of deferred share delivery for non-executive directors, the Board of Directors will propose it be extended at the next AGM.

## 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.