

BBVA DIVIDEND OPTION PLAN ADS SHAREHOLDER Q&A

History and Description of Transaction

Since 2011, BBVA shareholders annually have approved a Dividend Option plan where holders of BBVA American Depositary Shares (“ADSs”) have the opportunity to elect to receive the remuneration corresponding to the Dividend Option plan in accordance with one of the following three options:

1. Receive new BBVA ADSs,
2. Instruct BNY Mellon (as BBVA ADS depository) to sell the rights corresponding to the BBVA shares underlying their BBVA ADSs in the open market in Spain and receive the cash proceeds thereof, or
3. Receive a fixed cash payment (similar to the traditional cash dividend that BBVA has historically paid).

In previous years, if no option was validly elected prior to the deadline, the fixed cash payment was selected as the default option for BBVA ADS holders.

At the Annual General Meeting held on March 17, 2017, BBVA shareholders approved a share capital increase to be charged to voluntary reserves for the implementation of a Dividend Option plan whereby BBVA ADS holders again have the opportunity to choose among the three options previously referenced. This Q&A relates to BBVA’s April 2017 Dividend Option plan.

1. What is a dividend option plan?

A dividend option plan provides a shareholder or ADS holder the opportunity to elect to receive dividends in shares or ADSs, as the case may be, rather than the traditional cash payment. Under the Dividend Option plan, BBVA shareholders, including the custodian for BBVA’s ADS program, will receive free of charge one subscription right for every BBVA share held. BBVA ADS holders will be able to instruct BNY Mellon (as BBVA ADS depository) to act with respect to the rights underlying their BBVA ADSs according to one of the three options outlined in question 3 below.

2. What are the benefits of the Dividend Option plan?

The Dividend Option plan allows holders the flexibility of choosing a payment option that best fits their personal financial goals.

3. What are my options under the Dividend Option plan?

Option #1: Receive new BBVA ADSs

This option allows BBVA ADS holders to receive new BBVA ADSs, in respect of which holders will not be subject to the 19% Spanish withholding tax.

Cash will be paid in lieu of any rights not exercisable into a whole BBVA ADS (also referred to herein as “fractional rights”). The cash will be derived from the sale of these rights by BNY Mellon in the open market

in Spain. The cash proceeds will depend on market prices and the Euro/U.S. dollar exchange rate. Payments of net proceeds from the sale of rights pursuant to this Option #1 will not be subject to withholding, but may be subject to Spanish income tax unless exempt by an income treaty. The U.S.-Spain income tax treaty generally exempts from Spanish tax capital gains recognized by U.S. persons (see question 15 for further details).

Option #2: Instruct BNY Mellon to sell the rights

This option allows BBVA ADS holders to instruct BNY Mellon to sell the rights that correspond to the BBVA shares underlying their BBVA ADSs in the open market in Spain. The proceeds from the sale of the rights will depend on market prices and the Euro/U.S. dollar exchange rate. Payments of net proceeds from the sale of rights pursuant to this Option #2 will not be subject to withholding, but may be subject to Spanish income tax unless exempt by an income treaty. The U.S.-Spain income tax treaty generally exempts from Spanish tax capital gains recognized by U.S. persons (see question 15 for further details).

Option #3: Receive a fixed cash dividend payment

This option is similar to the traditional cash dividend payment that BBVA has historically paid. The cash proceeds will be based on the cash rate fixed by BBVA and the Euro/U.S. dollar exchange rate. This option is subject to the 19% Spanish withholding tax (see questions 16 and 17 for details of how to obtain a refund of withholding tax in excess of an applicable treaty rate).

The gross fixed cash payment for the April 2017 Dividend Option Plan is 0.131 Euros per right.

4. How will the Dividend Option plan be paid for BBVA ADSs held at Fidelity Investments® (Fidelity) under the Compass SmartInvestor 401(k) Plan, Advisory Director Plan and Long-Term Incentive Plans?

If you hold any BBVA ADSs in your account at Fidelity under the Compass SmartInvestor 401(k) Plan (the "401(k) Plan"), pursuant to the terms of the plan your account will automatically receive additional BBVA ADSs (option #1 above) as a result of the Dividend Option plan. Accordingly, to the extent you hold BBVA ADSs in your account under the 401(k) Plan, there is no action that you need to take with respect to the Dividend Option plan. Any BBVA ADSs you hold outside of the 401(k) Plan will be subject to the options discussed herein.

If you hold any BBVA ADSs in your account at Fidelity under the Advisory Director Plan or the Long-Term Incentive Plan, and you previously made a valid election for the October 2016 dividend (including as a result of a prior valid election that had not been changed) and do not wish to change your election, no further action is required on your part, unless you chose to sell the rights and receive the cash proceeds (option #2 above). If you previously made a valid election for this option (#2), you again will need to make a valid election for the April 2017 dividend or you will receive the default option of a fixed cash dividend. To make a valid election for this option (#2), you must speak to a Fidelity representative at +1-800-544-6666.

To make a new election to receive new BBVA ADSs (option #1) or the fixed cash dividend (option #3), you can speak to a Fidelity representative at the phone number listed above, or you can:

1. Go to www.fidelity.com and log in.
2. Select *Accounts and Trade*, followed by *Account Features*.

3. Select *Brokerage & Trading*, followed by *Dividends and Capital Gains*. Then click *Update* for the specific security you wish to change.

5. Do I need to take any action now?

Registered ADS holders. You are considered to be a registered BBVA ADS holder if your BBVA ADSs are held in an account at our depository bank – BNY Mellon (statements you receive for this account are generated by Computershare).

If you are a registered BBVA ADS holder who acquired your ADSs on or before October 4, 2016, an option validly elected will continue to apply to the April 2017 Dividend Option plan and any subsequent dividend payment pursuant to a Dividend Option plan unless you choose to change your election. If you do not wish to change a valid election previously made, you do not need to take any action at this time. However, if you wish to change an election previously validly made, you can do so by contacting BNY Mellon at +1-866-415-7475 to request a change of election form. **Change of election forms will need to be received by BNY Mellon before 5:00 p.m. (New York time) on April 10, 2017 for the election to be valid with respect to the April 2017 Dividend Option plan.** If your election is received after 5:00 p.m. (New York time) on April 10, 2017 but before 5:00 p.m. (New York time) on May 2, 2017, and is included on an otherwise valid form, you will receive your dividend in the payment form validly elected for the Dividend Option plan paid in October 2016. **Any forms received after 5:00 p.m. (New York time) on May 2, 2017, will not be processed.**

If you are a registered BBVA ADS holder who acquired your ADSs after October 4, 2016, and therefore have not made any election with respect to the Dividend Option plan, no action is required if you wish to receive the fixed cash payment from BBVA. However, if you wish either to receive newly issued BBVA ADSs or to instruct BNY Mellon to sell rights in the Spanish market, **you must properly complete an election form and return it to BNY Mellon in the return envelope so that it is received by the deadline (5:00 p.m. New York time on April 10, 2017).** If the election form is incomplete or improperly completed, the form will be deemed invalid and you will receive the default option of the fixed cash payment. If your election is received after 5:00 p.m. (New York time) on April 10, 2017 but before 5:00 p.m. (New York time) on May 2, 2017, and is included on an otherwise valid form, you will receive the default option of the fixed cash payment from BBVA. **Any forms received after 5:00 p.m. (New York time) on May 2, 2017 will not be processed.**

If you are currently participating in BNY Mellon's Global BuyDIRECT Plan, please note that the Plan's reinvestment capabilities will not apply for this Dividend Option plan.

Beneficial ADS holders. If your BBVA ADSs are held through a bank, brokerage firm or other securities intermediary then you are considered to be a beneficial holder. Beneficial BBVA ADS holders are instructed to contact the intermediary through which they hold their BBVA ADSs in order to determine how to make their choice. In addition, such intermediary may require you to make a valid election each time a dividend is paid under a Dividend Option plan. When communicating your election, we recommend that you refer to the option you are electing by providing a full description of such option rather than referring to a number (such as option #1, #2, or #3), as the bank or brokerage firm may follow a different numbering sequence from that previously noted.

6. What if I did not make an election prior to the October 2016 Dividend Option plan?

If you did not make a valid election in prior periods where the Dividend Option plan was utilized and you fail to make an election validly on time with respect to the April 2017 Dividend Option plan (see question 10), you will receive the fixed cash payment, that is the default option for ADS holders (option #3 above).

7. Who is eligible for the Dividend Option plan?

BBVA ADS holders as of the relevant record date (April 4, 2017) are eligible to participate in the Dividend Option plan. See question 11.

8. Will the new BBVA ADSs have the same rights as my existing BBVA ADSs?

Yes, the new BBVA ADSs will have the same rights as existing ones.

9. Can I receive part of the Dividend Option plan in cash and part in shares or BBVA ADSs?

No, you may only elect to receive your Dividend Option payment in the form provided by one of the options listed above.

10. Are there any circumstances in which you will disregard my choice?

Registered ADS holders. If you are a registered BBVA ADS holder who acquired your ADSs on or before October 4, 2016, and wish to change your election but fail to do so validly on time (see question 5), you will receive your dividend in the payment form validly elected for the Dividend Option plan paid in October 2016 for purposes of the April 2017 Dividend Option plan. In this case, if no election was validly made for any prior Dividend Option plan then you will continue to receive the fixed cash payment default option (option #3 listed above).

If you are a registered BBVA ADS holder who acquired your ADSs after October 4, 2016, and wish either to receive your Dividend Option in newly issued BBVA ADSs or to instruct BNY Mellon to sell rights in the Spanish market but fail to make such election validly on time (see question 5), your election will be disregarded for purposes of the April 2017 Dividend Option plan and you will receive the default option, option #3, which will be the fixed cash distribution from BBVA.

Beneficial ADS holders. If you own BBVA ADSs through a bank, brokerage firm or other securities intermediary, please contact the intermediary directly to determine the circumstances under which your choice will be disregarded.

11. What are the relevant dates with respect to the Dividend Option plan for BBVA ADS holders?

For your reference, below is the timeline we expect to follow for the April 2017 Dividend Option plan.

April 4, 2017 – Record date

April 3, 2017 – April 19, 2017 – Rights trading period in Spain

April 10, 2017 (5:00 p.m. New York time) – Election deadline for registered BBVA ADS holders

May 2, 2017 – BBVA ADS and cash distribution date

12. Can I participate even if I am resident outside the USA?

Yes, you can participate if no local prohibition exists. Holders of BBVA ADSs outside the USA should consult with their respective advisors for counsel as to whether any local law, regulation or statute is applicable.

13. How many BBVA ADSs do I hold?

Registered BBVA ADS holders should contact BNY Mellon at +1-866-415-7475. If your BBVA ADSs are held through a bank, brokerage firm or other securities intermediary, you should contact the intermediary.

14. How many BBVA ADSs are necessary to receive one new BBVA ADS?

The number of BBVA ADSs necessary to receive one new BBVA ADS is 54. Cash will be paid in lieu of any rights not exercisable into a whole BBVA ADS. The cash will be derived from a sale of these rights by BNY Mellon in the open market in Spain.

15. What are the tax implications derived from the Dividend Option Plan?

Owners of BBVA ADSs should consult their tax advisors regarding the U.S. federal income tax consequences of receiving the April 2017 distribution under the Dividend Option plan.

A. Spanish Tax

The Spanish tax treatment applicable in respect of the April 2017 Dividend Option plan to a holder of BBVA ADSs that is not a resident of Spain for Spanish income tax purposes will be as follows:

Option #1

The delivery of the new shares issued in connection with the April 2017 Dividend Option plan to BNY Mellon and delivery of new BBVA ADSs in respect of such shares will be considered a delivery of fully paid-up shares free of charge and, hence, will not be considered income for purposes of the Non Resident Income Tax (“NRIT”).

Payments of net proceeds from the sale of any fractional rights pursuant to this Option #1 will not be subject to withholding, but may be subject to Spanish income tax unless exempt by an income treaty. The U.S.-Spain income tax treaty generally exempts from Spanish tax capital gains recognized by U.S. persons (see question 15 for further details).

Option #2

If BBVA ADS holders' rights are sold on the market, for purposes of the NRIT, the net proceeds obtained from the sale of rights will be subject to taxation in Spain, subject to the provisions of an applicable tax treaty. Under the U.S.-Spain income tax treaty, capital gains realized by a U.S. ADS holder generally will be exempt from Spanish tax on capital gains.

Option #3

In the event that a BBVA ADS holder chooses to accept the fixed price option, the tax treatment applicable to the amounts received will be that applicable to cash dividends and, therefore, the cash received will be subject to Spanish withholding tax at a rate of 19%. Under the U.S.-Spain income tax treaty, the applicable rate of tax is generally limited to 15%.

U.S. beneficial holders of ADSs should consult their tax advisors regarding their eligibility for benefits under the treaty and, if they are eligible, the procedure for obtaining a refund of any amounts withheld for Spanish taxes in excess of the treaty rate. See question 17.

B. Certain U.S. Federal Income Tax Considerations

The following is a general summary of certain U.S. federal income tax consequences of receiving the April 2017 distribution to a U.S. taxpayer that is a beneficial owner of BBVA ADSs, is eligible for benefits under the U.S.-Spain income tax treaty (the "Treaty"), does not hold the BBVA ADSs in connection with a Spanish permanent establishment or fixed base for Treaty purposes, and owns the BBVA ADSs as capital assets for U.S. federal income tax purposes (a "U.S. Holder"). However, the consequences to any particular U.S. Holder will depend on the particular circumstances of such person. Owners of BBVA ADSs should consult their tax advisors regarding the U.S. federal income tax consequences of the Dividend Option plan.

A U.S. Holder who does not receive the April 2017 distribution in cash (options #1 or #2) should be treated as having received a taxable distribution of rights and should recognize ordinary dividend income in an amount equal to the U.S. dollar value of the rights (including rights exercisable into fractional ADSs) as of the date of distribution.

U.S. Holders that elect to have BNY Mellon sell their rights on the market (pursuant to option #2) and U.S. Holders that receive cash in lieu of fractional ADS (pursuant to option #1) should realize short-term capital gain or loss in an amount equal to the difference between the U.S. Holder's tax basis in the rights (or the rights exercisable into fractional ADS) and the amount realized on the disposition (each as determined in U.S. dollars). The U.S. Holder's tax basis in the rights should equal the U.S. dollar value of the rights as of the date of distribution (i.e., the amount includible in income as ordinary dividend income as described above).

Dividends paid in cash (pursuant to option #3) will be included in a U.S. Holder's income on the date of BNY Mellon's receipt of the dividend. The amount of includible income for a dividend paid in Euros will be the U.S. dollar equivalent of the Euro dividend calculated by reference to the exchange rate in effect on the date of BNY Mellon's receipt of the dividend, regardless of whether the payment is in fact converted into U.S. dollars on that date. If the cash dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder should not be required to recognize foreign currency gain or loss in respect of the dividend income. A U.S. Holder may recognize foreign currency gain or loss if the cash dividend is converted into U.S. dollars

after the date of receipt. Any foreign currency gain or loss will generally be treated as U.S. source ordinary income or loss.

Subject to applicable limitations that vary depending upon a U.S. Holder's circumstances, a U.S. Holder will be entitled to a credit against its U.S. federal income tax liability, or a deduction in computing its U.S. federal taxable income, for any Spanish income taxes withheld in respect of a cash dividend pursuant to Option #3 in an amount not in excess of the applicable rate under the Treaty. A U.S. Holder may use foreign tax credits to offset only the portion of its U.S. federal income tax liability that is attributable to foreign-source income. This limitation on foreign taxes eligible for credit is calculated separately with respect to two different classes of income. The rules governing foreign tax credits are complex and, therefore, U.S. Holders should consult their tax advisors regarding the availability of foreign tax credits in their particular circumstances.

Subject to applicable limitations, April 2017 distributions paid to certain non-corporate U.S. Holders may be taxable at rates that are lower than the rates applicable to ordinary income. U.S. Holders should consult their tax advisors regarding the availability of the reduced tax rates on dividends in their particular circumstances.

Payments under the April 2017 Dividend Option plan that are made within the United States or through certain U.S.-related financial intermediaries may be subject to information reporting and backup withholding, unless (i) the U.S. Holder is a corporation or other exempt recipient or (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the holder's U.S. federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

This summary is not exhaustive, and does not describe all of the tax considerations that may be relevant to a particular U.S. Holder. Each U.S. Holder is advised to consult its own tax adviser regarding the overall tax consequences, including the consequences under U.S. federal, state, local or foreign tax laws, of the Dividend Option plan.

16. How do I reclaim the 4% excess tax withheld pursuant to Option #3?

Qualifying BBVA ADS holders should contact GlobeTax, our tax reclaim service provider, at +1-800-915-3536 to inquire about tax reclamation services.

17. Whom should I call if I have questions or need assistance?

Individual ADS holders should contact Ed Bilek, EVP US Shareholder Relations, at +1-205-297-3331 for questions about the Dividend Option plan or procedures for changing their election. BBVA has also established a dedicated phone line at BNY Mellon (+1-866-415-7475) available to registered ADS holders to ask questions pertaining to their BBVA ADS account.