

**REGULATIONS FOR THE BOARD OF DIRECTORS  
OF  
BANCO BILBAO VIZCAYA ARGENTARIA, S.A.**

**WARNING:** *The English version is only a translation of the original in Spanish for information purposes. In case of a discrepancy, the Spanish original prevails.*

BBVA's Board of Directors recognises the importance of a system of corporate governance for large institutions. This system should guide the structure and operation of its corporate bodies for the benefit of the Company and its shareholders.

BBVA has a clear international focus and wishes to comply with the generally accepted practices of large listed companies in regard to the design of corporate governance. This must take into account the large number and composition of its shareholders, who are an obligatory point of reference for its specific system of governance. The essential principle of this system is a Board on which independent directors constitute an ample majority.

Strictly speaking the Bank's structure consists of two corporate bodies. These are the Board of Directors and the Executive Committee. Independent directors are a majority in both cases.

These bodies are complemented by board committees that help them carry out their duties, for example the Audit and Compliance Committee and the Appointments and Remuneration Committee. Members of both of these must necessarily be independent directors.

In addition, BBVA's condition as a financial institution means it must give added weight to the Board of Directors' role as the ultimate party responsible for periodic review of the Bank's strategies and policies related to risk and it is supported in this task by a special Risk Committee.

The rights and duties of directors stem from ethical principles and codes of conduct and reflect the tasks they perform. Collectively, they are also an essential element that must form part of BBVA's system of governance.

Thus, the BBVA Board of Directors is adopting the present Regulations. They bring together the principles and other elements of the Bank's corporate governance and comprise the rules that will apply to internal procedures and to the operation of the Board itself, with the goal of ensuring appropriate administration of the Company.

## **SECTION I**

### **Directors' Charter**

#### **Article 1. Composition of the Board**

The Board shall comprise the number of directors established in the Company's Bylaws and in any resolution adopted by the General Shareholders Meeting (GSM). However, this number should not be greater than 16 (sixteen).

Directors can be executives or non-executives. The former shall be those who have been delegated general powers to represent the Company in a permanent manner and the remainder of the Board shall be external directors.

At any time at least two-thirds of the Board shall consist of independent directors. These are external directors who are not any of the following:

- A shareholder of the Company or a director appointed by virtue of a special connection with a shareholder, when the holding in either case is greater than 3% of shares in capital stock with voting rights.
- Organisations that are directors of the Bank or individuals who such organisations have designated as their representatives.
- A person who has been an executive director, or member of the Group's senior management, or a member of the auditor firm that audits or has audited the Company's accounts, unless a period of three years has transpired since they ceased to be so.
- A person that has a significant relationship with the Company, either directly or as a partner, shareholder, manager or employee of a party that has such a relationship with the Group and where this could influence that person's independence.
- When there is a family relationship with any of the individuals mentioned above or any other circumstance which, in the judgement of the Board of Directors might diminish the director's independence.

Independent directors must comprise a majority of the Bank's Executive Committee and they are the only directors entitled to be members of the Audit and Compliance Committee and of the Appointments and Remuneration Committee.

An institutional director is an external director designated by virtue of her or his relationship with a significant shareholder of the Company. This shall

mean someone with direct or indirect control of at least 5% of the share capital or of the voting rights of the Bank or, if less than this percentage, one whose shareholding allows them to exercise a notable influence on the Company.

The above criteria –used to determine whether a director is an institutional director– shall also apply in the event of agreements or pacts between shareholders that oblige those concerned, by means of concerted action with their voting rights, to adopt a common policy in regard to management of the Company or whose goal is to influence it in a relevant manner.

## **Article 2. Appointment of Directors**

Members shall be appointed to the Board by the General Shareholders Meeting without detriment to the faculty of the Board to co-opt members in the event of a vacancy.

In any event, persons proposed for appointment as directors must meet the requirements of prevailing legislation in regard to the special code for financial institutions, and the provisions of the Company's Bylaws.

There are no other restrictions on the appointment of directors than those contained in Law and in the Company's Bylaws. The Board may not establish specific additional requirements.

The qualifications of a person proposed as a member of the Board of Directors shall be judged by the Appointments and Remuneration Committee. The Committee shall take into account the personal and professional

characteristics of the candidates and the current needs of the company's governing bodies and convey its opinion in this respect to the Board.

### **Article 3. Term of office of Directors**

The term of office of directors shall be the time defined by the Company's General Shareholders Meeting (GSM) in accordance with the Company's Bylaws. If they have been appointed by co-option, their term of office shall be the remaining term of office of the director whose vacancy they have covered in this manner, unless the GSM fixes a greater length of time when ratifying the appointment made by the Board.

Nonetheless, the directorships shall be renewed annually in fifths and directors may be re-elected indefinitely.

In all cases, directors shall resign their position on reaching 70 years of age. They must present their resignation at the first meeting of the Board of Directors that takes place after the GSM that approves the accounts for the year in which they reach this age.

### **Article 4. Re-election of Directors**

With regard to proposals for the re-election of directors, the Board of Directors of the Bank shall assess the performance of the directors in question, their dedication and any other circumstance that influences the advisability or otherwise of their re-election.

The decisions of the Board on these matters and the corresponding deliberations shall take place without the presence of the director whose re-election is proposed. If this person is present, she or he must leave the meeting.

#### **Article 5. Chairman of the Board of Directors**

The Chairman of the Board shall be the chairman of the Company and chief executive officer of the Bank. Apart from the attributes established in the Company's Bylaws and those contained in these Regulations, she or he also possesses, by delegation of the Board, the faculties inherent in this position to exercise effective control of the Company.

The Chairman of the Board shall cease to hold this position at 65 years of age, continuing as an ordinary member of the Board. She or he must present the corresponding resignation at the first meeting of the Bank's Board of Directors that takes place after the General Shareholders Meeting that approves the accounts for the period in which she or he reached this age.

#### **Article 6. Chief Operating Officer and other Executive Directors**

The Chief Operating Office and other executive directors of the Bank shall resign their executive functions at 62 years of age and follow the same rules regarding the timing of their resignation as established in the previous article. When they cease to hold office as executive directors, for whatever reason, they must offer to resign as ordinary members of the Board of Directors. The Bank, however, may resolve that they continue as directors.

## **Article 7. Duties of Directors**

The members of the Bank's Board of Directors shall carry out the duties associated with their respective positions on the Board and in its committees that they sit on, in accordance with Law, with the Company's Bylaws, with the Bank's Regulations on Corporate Governance and in accordance with any resolutions adopted in this regard by the Company's administrative bodies.

Board members must be loyal and must comply with their duties as defined by legislation and by the Bylaws in a manner that is loyal to the interests of the Company.

Directors are obliged to attend the meetings of corporate bodies and the meetings of the board committees, except in the event of a justifiable reason. They shall participate in the deliberations, discussions and debates on matters submitted for their consideration.

They shall act along the established lines according to their respective duties on the Board of Directors and its committees. This also applies to the use of authority delegated to them expressly by the administrative bodies of the Company, especially in regard to the Bank's customers, officers and employees.

Directors shall be given sufficient information to draw up an informed opinion on questions put to the Bank's corporate bodies and this information shall be provided sufficiently in advance.

The right to information shall be channelled through the Chairman or Secretary of the Board of Directors. These parties shall attend to requests by providing the information directly or by establishing suitable channels within the organisation for this purpose, unless a specific procedure has been established in the rules of the Board's committees.

Directors can ask the Board for help from experts who are unrelated to the Bank's services in connection with matters submitted for their consideration that, in their judgement, require such help because of their special complexity or importance. This shall be without detriment to the provisions in this regard in the bylaws of the Board's committees. They can also ask for any supplementary training that may be necessary for the performance of their duties.

### **Article 8. Confidentiality**

The deliberations of the corporate bodies are secret. Consequently, directors shall keep secret the deliberations of the Board and its committees as well as all information to which they have had access in the course of their work. Such information shall be used exclusively for the performance of their duties and shall be guarded with due diligence.

The obligation of confidentiality shall continue after they leave office.

When the director is an organisation, the duty of confidentiality shall apply to its representative without detriment to her or his obligation to inform the organisation in question.

### **Article 9. Ethics and Codes of Conduct**

Directors shall act in an ethical manner in line with standards that are generally applicable to directors of companies and directors of financial entities in particular, acting in good faith and according to the principles of the BBVA Group.

Thus, these Regulations govern any conflicts that might arise between the interests of directors and/or their relatives, and those of the Bank and its Group. Among other aspects the Regulations also cover the question of circumstances that are incompatible with the position of director.

For this reason directors must notify the Board of any direct or indirect conflict that might exist with the Company's interests. Among other circumstances, this applies to any interest they might have in a company whose activities are the same, similar or complementary to those of the Bank and the offices or functions which they hold in this company. It also applies to the same, similar or complementary activities as those of the Bank, when performed on their own behalf or on behalf of a third party.

### **Article 10. Conflict of Interest**

Directors must abstain from taking part or intervening in those cases where a conflict of interest with the Company might arise.

A director shall not be present when the corporate bodies to which she or he belongs are discussing matters in which the director might have a direct or

indirect vested interest, or matters that might affect related parties as defined in the pertinent legal provisions.

Furthermore, a director may not conduct, either directly or indirectly, personal, professional or commercial transactions with the Company or Group companies other than customary banking transactions unless these are subject to a procedure which ensures their transparency with competitive offers and at market prices.

A director must also abstain from taking a direct or indirect interest in operations or companies in which Bank or companies of its Group hold an interest, unless such interest was held prior to her or his appointment as a director or prior to the Group's interest in such enterprise, or unless such companies are listed on domestic or international stock exchanges, or unless authorised by the Board of Directors.

Directors shall not use their position in the Company to obtain a capital gain or to obtain a direct or indirect advantage for themselves or their related parties from a business opportunity that they have learned of as a result of their position as director of the Bank, unless this opportunity had been previously offered to the Bank and it had decided not to take it up and the action of the director has been authorised by the Board.

In any event directors must comply with the applicable provisions of the BBVA Group Code of Conduct with regard to stock exchanges, with legislation and with any other internal instructions that apply to requests for loans, bank bonds and guarantees from the financial subsidiaries of the BBVA Group. They must also abstain from conducting or from suggesting to any party, a transaction involving shares of the Company and its subsidiaries, or affiliated

or associated companies when they have privileged or confidential information by virtue of their position, before such information is known to the public.

### **Article 11. Incompatibility**

In the performance of their duties, directors shall be subject to the incompatibility regime established by current legislation and in particular by Act 31/1968, 27th July, on the Incompatibilities of Senior Officers in the private banking sector.

Directors shall not provide professional services to companies that are competitors of the Bank or of any entity in its Group, nor agree to be an employee, executive or director of such companies unless they have received express prior authorisation from the Board of Directors or unless these activities had been provided or performed prior to their appointment as a director of the Bank and they had reported this fact at that time.

Directors of the Bank shall not occupy directorships in any company in which it holds an interest or in any company of the Group.

As an exception and at the proposal of the Bank, executive directors may hold directorships in companies directly or indirectly controlled by the Bank with the approval of the Executive Committee, and in other associated undertakings with the approval of the Board of Directors. Loss of the office of executive director carries an obligation to resign from any office in an affiliate or associated company which is held by virtue of this condition.

Non-executive directors may hold directorships in the Bank's associated undertakings or in any other entity of its Group provided this is not related to the Group's holding in such companies and prior approval has been received from the Bank's Board of Directors. For these purposes, holdings of the Bank or its group of companies as a result of its ordinary business activities, asset management, treasury activities, derivative coverage or other operations shall not be taken into account.

Likewise, directors shall not hold political office or engage in other activities that might have public significance or affect the image of the Bank in some manner, except with prior authorisation from the Board of Directors.

### **Article 12. Resignation of Directors**

Directors shall resign their office when the term for which they were appointed has expired, unless they are re-elected.

Furthermore, in the following circumstances directors must tender their resignation to the Board and accept its decision regarding their continuity in office, being obliged to formalise their resignation under the following circumstances:

- When they are affected by circumstances of incompatibility or prohibition as defined in current legislation, in the Company's Bylaws or in the Directors' Charter.
- When there is a significant change in their professional status or in the condition that led to their appointment.

- In the event of a serious breach of their obligations related to the performance of their duties as directors.
- When, through action in their capacity as directors, serious harm has been caused to the corporate assets or when they have lost the commercial and professional reputation required for the office of director of the Bank.

### **Article 13. Remuneration of Directors**

The remuneration of members of the Board of Directors shall be governed by the provisions of the Company's Bylaws, distinguishing between remuneration due to members of the Board by virtue of membership and remuneration due to executive directors for performance of their specific duties. Where not defined in the Bank's Bylaws, remuneration shall be determined by the Board of Directors in accordance with the faculties of the Board's Appointment and Remuneration Committee.

The remuneration of ordinary directors, in this capacity, shall be linked to the responsibility, dedication and incompatibility restrictions inherent in the duties they perform on the Board and in its committees. Within the limits established by the Company's Bylaws, the amount shall be compatible with the remuneration of executive directors for the performance of their company duties, unless otherwise determined by the Board of Directors.

The Board may also establish exceptions in the application of the above remuneration criteria when, in its judgement, circumstances arise that justify such action.

The remuneration provided each year to each individual member of the Board shall be published in a list together with the annual information provided to the Company's shareholders.

#### **Article 14. System of Benefits**

Members of the Board of Directors of the Bank shall have the right to a system of benefits that covers cessation, retirement and death. This system shall be established by the Board together with the relevant conditions and exceptions but in a separate manner to the system for executive directors.

To the extent determined by the Board, directors shall also have the right to coverage, by means of medical insurance, of expenses connected with illness. This may be extended to cover other members of their families and/or to include accident insurance.

They will also have the right to be reimbursed for expenses they incur in the performance of their duties as directors, in the terms determined by the Bank's Board of Directors.

#### **Article 15. Liability coverage**

The Bank, by means of a civil liability policy with an insurance company, shall insure the liabilities of directors in the performance of their duties. This policy shall cover in advance all expenses –including legal assistance, bonds and other assistance– associated with any civil, criminal or administrative process

brought against the Bank's directors. This coverage shall be maintained after the director ceases to hold office.

In all cases the Bank shall hold the director unaccountable in the event of any claim arising from actions carried out in the legitimate performance of her or his duties.

### **Article 16. Incompatibility after severance**

Directors who cease to be members of the Board of Directors of the Bank shall not provide their services to any other financial institution that is a competitor of the Bank or of its subsidiaries, for a space of two years following their loss of office unless expressly authorised by the Board. Such authorisation can be denied for reasons related to corporate interest.

## **SECTION II**

### **Governing Bodies and Board Committees**

#### **The Board of Directors**

In accordance with the Company's Bylaws, the Board of Directors of Banco Bilbao Vizcaya Argentaria S.A. is the natural organ of representation, administration, management and control of the Company. It is responsible for examining and guiding corporate strategy, for major action plans, risk policies, annual plans and budgets, establishing goals, ensuring their implementation and compliance at corporate level, and for supervising the

principle allocations of capital, disinvestments and acquisitions. It shall be governed by the provisions of the Law, the Company's Bylaws and these Regulations.

### **Article 17. Functions of the Board of Directors**

By virtue of the Company's Bylaws, the Board of Directors holds the broadest possible powers with regard to representation, administration, management and oversight. It is also empowered to act in any matter and to sign any type of contract affecting ownership or administration, especially in the cases listed below. This list shall not be taken as limiting in any way the broad faculties mentioned above:

- 1) Any operation that, in accordance with article 3 of the Company's Bylaws, constitutes the objects of the Company or helps to make these possible.
- 2) To convene the General Shareholders Meeting (GSM) without detriment to the provisions of article 20 and 39a of the Corporate By-laws.
- 3) To prepare the annual accounts, the Directors' Report and the proposed distribution of profit and to put these to the GSM for approval. Where applicable, this also includes the Consolidated Accounts and the Consolidated Directors' Report for each financial year.
- 4) To execute the resolutions of the GSM and where necessary, to designate in accordance with legislation the parties who must sign the corresponding public or private documents.

- 5) To interpret the Bylaws and amend omissions, especially in regard to the declared objects of the Company, notifying the GSM of such actions where appropriate.
- 6) To decide the creation, closure, move, transfer and other actions and operations related to branch offices, regional headquarters and other representation facilities in Spain or abroad.
- 7) To approve the internal Regulations of the Company, with power to amend these.
- 8) To determine administration expenses and to establish or agree additional remuneration as it deems necessary or appropriate.
- 9) To agree the payment of interim dividends to shareholders before the end of the respective financial year or before approval of the annual accounts, all in accordance with current legislation.
- 10) To appoint and dismiss Bank employees, establishing their wages and bonuses.
- 11) To determine the general conditions of discount, lending and guarantee deposits, and to approve any risk operations it deems appropriate and to decide questions arising from the activity of the Bank.
- 12) To represent the Bank in dealings with the authorities and agencies of the central government, of the autonomous governments, the provinces, the municipalities, with public entities, unions, public corporations, companies and individuals and appear before ordinary and special courts, exercising

the actions, exceptions, rights, claims and appeals of all manner affecting the Bank and to desist in such action when appropriate.

- 13) To acquire, possess, dispose of, mortgage and encumber all manner of real estate, real property rights of any nature and, in connection with goods and rights, to carry out any act and sign any civil, mercantile or administrative contract without any exception including the creation, modification and cancellation of mortgages and other real property rights as well as the conveyance, purchase or sale and transfer of assets and/or liabilities of the Company.
- 14) To acquire, divest, permute, transmit, encumber, subscribe and offer any manner of goods, securities, shares or bonds, to make public offerings for the sale or acquisition of securities, as well as for holdings in any type of company or undertaking.
- 15) To create companies, associations, foundations, subscribing shares or holdings, transferring all manner of goods, as well as to sign co-operation and merger contracts for companies and businesses.
- 16) To give and to receive money on credit or as a loan, directly or against security of any kind, including mortgages.
- 17) To underwrite or to guarantee all manner of bonds or securities, for the Bank itself or for third parties.
- 18) To reach a compromise regarding goods or rights of any kind.

- 19) To delegate all or part of its faculties, always provided this can be done under current legislation, and to sign any type of general or special power of attorney, with or without the faculty of substitution, and to revoke these.

### **Article 18. Meetings of the Board of Directors**

The ordinary meetings of the Board of Directors shall take place monthly and an annual calendar of the ordinary sessions shall be drawn up sufficiently in advance.

In addition the Board shall meet whenever required by the Chairman or the Executive Committee or at the request of directors who represent at least one-fourth of the total members of the Board at that particular time.

In the latter case, the Chairman shall convene the meeting within 15 days of the request made for this purpose.

### **Article 19. Notice of Board Meetings**

The Board shall be convened by the Chairman and, in his absence, by the deputy Chairman standing in for him or her, in the manner determined by the Company's Bylaws. In the event of absence or impossibility affecting these parties, the Board of Directors shall be convened by the oldest director.

Notice of the meeting shall be considered as valid for the dates shown on the calendar of ordinary meetings drawn up for the year in question. However,

the Secretary, at the request of the Chairman, is empowered to notify the members of the Board sufficiently in advance of the meeting, attaching the agenda. This can be done by letter, fax, telegram, electronic mail or other means of telecommunications. The same means can be used to cancel such meetings.

However, board meetings can be held on dates other than those in the annual calendar provided all members are notified more than seven days in advance unless, in the opinion of the Chairman, this is not possible for urgent reasons.

A board meeting shall be valid when, all members being present, they unanimously decide to constitute the meeting.

#### **Article 20. Agenda of the meeting**

Notice of a meeting shall be accompanied by an agenda although other matters can be included if the Chairman considers this appropriate for the corporate interest. She or he may likewise decide not to deal with a particular matter even though the notice has been issued.

#### **Article 21. Quorum and approval of resolutions**

The Board of Directors shall be valid when half the members plus one are present or represented.

Resolutions shall be adopted by an absolute majority of votes -present or represented- except when otherwise required by Law or by the Company's Bylaws.

#### **Article 22. Representation**

Directors can be represented at board meetings by another director without limitation. This proxy must be notified specifically for each session by letter, fax, telegram or electronic mail addressed to the Chairman. Such notification can be channelled through the Secretary of the Board.

#### **Article 23. Resolutions adopted in writing without a session**

The Board can adopt resolutions in writing and without a session provided no director opposes this procedure, in accordance with the provisions of the Company's Act.

#### **Article 24. Board meeting procedures**

Meetings of the Board of Directors shall be held at the place and on the date indicated following the agenda established for this purpose by the Chairman. She or he shall draw up the proposed resolutions, submit them to the Board and moderate the corresponding deliberations and discussions.

In the event of the Chairman being absent, the Board shall be chaired by the deputy Chairman. If there are several deputy Chairmen then the order the

Board established when appointing them shall be followed, and where no such order exists, the Board shall be chaired by the oldest. Should the deputy Chairman not be there, the Board of Directors shall be chaired by the oldest director.

The deputy Secretary, where there is one, shall act as Secretary of the Board, or if there is not, then the person whom the majority of those attending the meeting accept as secretary.

Directors shall be provided with any information or clarification they deem necessary or appropriate in connection with the matters to be considered at the meeting. This can be done before or during the meeting.

The Chairman shall promote the participation of directors in the meetings and deliberations of the Board and shall put matters to the vote when she or he considers they have been sufficiently debated.

Group executives or other persons whose presence is considered advisable for appropriate treatment of the matters submitted to the consideration of the Board, can join the meeting if the Chairman agrees.

#### **Article 25. Minutes**

The minutes can be approved at the end of the meeting or at the next meeting.

If a resolution is adopted to approve the minutes during the meeting, the Secretary shall draw up the final form of the minutes based on the

considerations and resolutions passed during the meeting and the text shall be made available to the members of the Board at the next meeting.

Once the minutes of the meeting of the Board are approved, they shall be signed by the Secretary with the approval of the person who acted as Chairman at the meeting in question.

## **The Executive Committee**

### **Article 26. Composition**

In accordance with the Company's Bylaws, the Board of Directors, following a favourable vote of two-thirds of its members and the corresponding entry in the register of companies, can appoint an Executive Committee consisting of directors of the company of which half plus one must be independent directors.

The Executive Committee shall be chaired by the Chairman of the Board of Directors, or in her or his absence, by the deputy Chairman or deputy chairmen of the Board who form a part of this committee, in the order established by the Board or otherwise, by a member chosen by those participating in the meeting.

The secretary shall be the Secretary of the Board who, if absent, can be substituted by a person designated by participants at the meeting in question.

### **Article 27. Functions of the Executive Committee**

The Executive Committee shall deal with those matters which the Board of Directors, in accordance with current legislation or with the Company's Bylaws, has delegated.

According to the Company's Bylaws, its faculties include the following: to formulate and propose policy guidelines, the criteria to be followed in the preparation of programmes and to fix goals, to examine the proposals put to it in this regard, comparing and evaluating the actions and results of any direct or indirect activity carried out by the institution; to determine the volume of investment in each individual activity; to approve or reject operations, determining methods and conditions; to arrange inspections and internal or external audits of all areas of operation of the institution; and in general to exercise the faculties delegated to it by the Board of Directors.

Specifically, the Executive Committee is entrusted with evaluation of the Bank's system of corporate governance. This shall be analysed in the context of the Company's development and of the results obtained during such development and taking into account any regulations established or recommendations made regarding best market practice, adapted to its corporate circumstances.

### **Article 28. Rules of organisation and operation**

The Executive Committee shall hold ordinary meetings twice a month and it shall establish an annual calendar of these meetings.

However, it shall meet as often as considered necessary by its Chairman or by the person who exercises her or his functions, or at the request of a majority of its members.

With regard to quorums, the system of adopting resolutions and other details, the provisions made for the Board of Directors in articles 21 to 25 of these Regulations and article 47 of the company Bylaws shall apply.

### **Board Committees**

To assist in the performance of its duties, the Board of Directors can set up committees as it sees fit to handle questions appropriate to its scope of competence. However, the Board of Directors shall be assisted by an Audit Committee for supervision of financial statements and control functions. This committee shall have the authority and necessary means to carry out this fundamental role in the corporate area.

The number of committees, their names and their duties shall be established by the Board of Directors which shall also appoint or dismiss their members and shall appoint or dismiss their respective chairmen.

Non-executive directors shall cease to be members of the different board committees three years after their appointment although the Board can determine their re-election.

The Board shall be able to establish supplementary rules to improve the operation of these committees provided they do not contradict the provisions of these Board Regulations.

If the Board decides on the creation of a new committee that is not mentioned here, this shall not require an amendment of the Regulations. Details of the composition, goals and rules of organisation and operation of the new committee shall be attached hereto as an appendix.

### **The Audit and Compliance Committee**

#### **Article 29. Composition**

The BBVA Audit and Compliance Committee shall be formed exclusively by independent directors who are not members of the Executive Committee, with the task of assisting the Board of Directors in the supervision of accounts and in exercising control of the BBVA Group.

It shall have a minimum of four directors appointed by the Board. One of these shall act as Chairman, also appointed by the Board.

Members of the Committee do not necessarily have to be experts in financial matters but they must understand the nature of the Group's businesses and the basic risks associated therewith. It is also essential that they be prepared to apply their judgement, derived from their professional experience, with an independent and critical attitude. In any event, the committee Chairman shall have experience in financial management and shall understand the standards

and accounting procedures required by the regulating bodies for the banking sector.

When the Chairman may not be present, his/her duties shall be performed by the most senior member of the Committee, and, where more than one person of equal seniority are present, by the oldest.

### **Article 30. Object**

It will have the powers established under the Company Bylaws, with the following scope:

- To supervise the extent, adequacy and effectiveness of the internal control systems and to ensure the accuracy, reliability, scope and clarity of the financial statements of the Company and its consolidated Group in the annual and quarterly reports. This also applies to the accounting and financial information required by the Bank of Spain or other regulatory bodies including those of countries where the group operates.
- To monitor compliance with applicable standards of a domestic or international nature regarding money laundering, conduct in the securities markets, data protection and the scope of the Group's activities related to competition as well as ensuring that requests for information or action by official organisations with authority in these matters are attended to in a timely and suitable manner.

- To ensure that the internal codes of ethics and conduct and securities market operations, as they apply to Group personnel, comply with legislation and are adequate for the Bank's purposes.
- To monitor carefully compliance with the provisions of the BBVA Director's Charter and directors' compliance with the applicable standards of conduct in the securities markets.

Furthermore, as part of this scope the Board shall detail the duties of the committee by means of specific regulations that establish the procedures associated with the achievement of its tasks, in a complementary manner to the provisions of the present Regulations.

### **Article 31. Rules of organisation and operation**

The Audit and Compliance Committee shall meet as often as necessary to comply with its functions although an annual calendar of meetings shall be drawn up in accordance with its duties.

The staff responsible for General Comptrol, Internal Audit and Standards Compliance can be invited to attend the meetings and, at the request of these officers, other staff from these departments who have particular knowledge or responsibility in the matters contained in the agenda can also be invited when their presence at the meeting is deemed advisable. However, only the Committee members and the Secretary shall be present when the results and conclusions of the meeting are evaluated.

The Committee can hire external consultants for relevant matters when it considers that, for reasons of specialisation or independence, these services cannot be provided by Group experts or technical staff.

Likewise, the committee can call on the personal co-operation and reports of any member of the management team when it considers that this is necessary to carry out its functions in regard to relevant affairs. The usual channel for a request of this nature shall be through the hierarchy of the Company. However, in exceptional cases the request can be notified directly to the person in question.

The system of convening meetings, quorums, the approval of resolutions and other details of its system of operation shall be governed by the provisions of these Regulations for the Board of Directors insofar as they are applicable and by any specific Regulations that might be established for this committee.

### **Appointments and Remuneration Committee**

The purpose of the Appointments and Remuneration Committee, as a non-executive body of the BBVA Board of Directors, shall be to advise the Board on matters related to the appointment of the Bank's directors in the terms defined in the Corporate Governance Principles and on other matters related to remuneration, as requested by the Board. This especially applies to members of the Board of Directors.

### **Article 32. Composition**

The Appointments and Remuneration Committee shall consist of at least three members. They must be independent directors appointed by the Board of Directors which will also appoint the committee Chairman.

In the absence of the Chairman, the sessions shall be chaired by the longest-serving member of the committee and in the event of senior members with equal service, by the oldest.

### **Article 33. Functions**

The functions of the Appointments and Remuneration Committee shall be as follows:

- 1) To evaluate candidates who have been proposed for appointment as members of the Board of Directors. Such appointment must be made at the GSM or, in the case of a vacancy, by the Board itself. The committee shall take into account the personal and professional characteristics of the candidates and the current needs of the Company's governing bodies at any time.
- 2) To propose the system of remuneration for the entire Board of Directors in accordance with the principles established in the Company's Bylaws. This system shall deal with the concepts, the amounts and the method of payment.

- 3) To determine in accordance with the Company's Bylaws, the extent and amount of the remuneration, rights and other economic rewards of the Chairman, the Chief Operating Officer and other executive directors of the Bank. These decisions will be incorporated in the corresponding contracts by virtue of the delegation of committee members by the board of directors.
- 4) To analyse proposals for multi-year incentive plans that affect the Bank's senior management and to give its opinion on these to the corresponding corporate bodies.
- 5) To be aware of the basic principles of the Bank's salary policy and especially the average fixed and variable remuneration of the members of the Management Committee and any associated annual adjustments.
- 6) To analyse the remuneration policy for executive officers in companies in which the Bank holds a direct or indirect interest. To examine the remuneration criteria for the boards of companies controlled by the Group.

#### **Article 34. Rules of organisation and operation**

The Appointments and Remuneration Committee shall meet as often as necessary to carry out its functions, convened by its Chairman or by the person who substitutes the Chairman in accordance with previous Article 32. However, it shall set up a calendar of sessions appropriate for its duties.

The committee may request the attendance at its sessions of persons with positions in the group that are related to the committee's functions. It can also obtain advice as necessary to establish criteria related to its business and this shall be done through the committee secretary.

The system of convening meetings, quorums, the approval of resolutions and other details of its operations shall be in accordance with the provisions of these Regulations of the Board of Directors where applicable.

### **The Risk Committee**

According to the recommendations of the Basel Committee, monitoring and supervision of risk management at financial entities is the duty of the Board of Directors, which is the ultimate body responsible for approval and periodic review of the Bank's strategies and policies on risk, reflecting its risk tolerance and the expected level of return.

In order to perform this duty, the Board has an Executive Committee to which it delegates approval of the Group's strategy and risk policies in accordance with its strategic goals, in terms of expected loss and capital at risk.

However, the growing complexity of risk management at financial entities requires them to adopt a risk profile that matches their strategic goals. They should advance gradually, as circumstances permit, towards a model that establishes a system of delegation based on amounts and ratings. This also

applies to active tracking of exposure to quantifiable risks by means of a map of capital at risk, expected losses and control of non-quantifiable risk.

Thus, analysis and periodic tracking of risk management in the area of the attributes of the administrative bodies of the Bank makes it advisable to set up a specific board committee for this purpose. Within the scope of its functions, this committee would apply the necessary dedication to analyse the treatment of risk in the overall Group.

### **Article 35. Composition**

The Risk Committee shall have a majority of non-executive directors, with a minimum of three members, appointed by the Board of Directors, which shall also appoint its Chairman.

If the Chairman is absent, the sessions shall be chaired by the longest-serving member of the committee and, in the event of more than one person with equal seniority, by the oldest.

### **Article 36. Object**

The functions of the Risk Committee of the Board of Directors shall be as follows:

- To analyse and evaluate proposals related to the Group's strategy and risk policies and submit these to the Executive Committee of the Bank for approval.

- To monitor the degree of adequacy of the risk assumed compared to the established profile, as a measure of the Bank's risk tolerance and the expected return in regard to the risks taken.
- To approve risk operations under the established system of delegation.
- To check that the Group possess the means, systems, structures and resources in line with best practices to allow implementation of its strategy in risk management.
- To submit proposals to the Bank's Executive Committee as it considers necessary or advisable in order to bring the Group's risk management in line with best practices arising from recommendations on the corporate governance system or from the supervisory bodies on risk matters.

### **Article 37. Rules of organisation and operation**

The Risks Committee shall meet as often as necessary to comply with its functions, convened by its Chairman or by the person who substitutes her or him in accordance with the provisions of the previous item although an annual calendar of meetings shall be drawn up in accordance with its duties.

The system of convening meetings, quorums, the approval of resolutions and other details of its procedures shall be governed by the provisions defined in these Regulations for the Board of Directors insofar as they are applicable to the committee and by any specific Regulations that might be established.

## Other Provisions

### Article 38. Relations with shareholders and markets

Under the principle of transparency that must guide the actions of the Company in financial markets, the Board of Directors shall establish suitable means to ensure the Bank discloses all the information that might be relevant to shareholders and investors and that this information is accurate and true.

To this end the Bank shall publish through its web site all relevant events that might affect the BBVA share price. This also applies to other information whose publication by this method is required by legislation or is considered appropriate by the Bank in order to comply more fully with the above goals.

### Article 39. Corporate Social Responsibility

Conscious of the Company's responsibility to society, the Board of Directors undertakes to carry out its activities in accordance with a set of values, principles, criteria and attitudes to achieve sustainable creation of value for its shareholders, employees and customers and for society as a whole.

For this purpose it shall ensure that its business activities comply with current legislation, with the principle of good faith and with best business practice. It shall foster implementation and development of ethical principles based on integrity, transparency and commitment to society that will serve

as a basis for the BBVA corporate culture. Consequently, they will also become the basis of the business dealings of all those who form a part of the Company.

### **Additional rules**

#### **Article 40. Scope of application and validity**

The contents of these Regulations must be observed by the corporate bodies and therefore by the Board of Directors, the Executive Committee and by other board committees. They shall also be observed by the members of the Board of Directors.

Once these Regulations have been approved by the Bank's Board of Directors, reported to the CNMV (Spanish Stock Exchange Commission) and entered in the register of companies, they shall be obligatory. They shall also be reported to the General Shareholders Meeting.

#### **Article 41. Publication**

The Board of Directors shall take appropriate steps to make these Regulations known to shareholders and to investors in general. To this purpose, once they have been approved and noted in the register of companies, the latest text of these Regulations shall be made available through the Company's web site.

### **Article 42. Interpretation**

The Board of Directors shall interpret these Regulations and resolve any doubts that arise regarding their application, in accordance with general criteria for the interpretation of legislation.

They shall be interpreted in accordance with legislation and applicable official standards taking into consideration principles and recommendations related to corporate governance of domestic and international listed companies.

### **Article 43. Amendments**

These Regulations can be amended by means of a resolution of the Board of Directors when circumstances render this appropriate or necessary for the corporate interest. The resolution shall express the causes and scope of the proposed amendment.