

**First revision approved by the Corporate Responsibility and Reputation  
Committee held on October 29, 2009**

**BBVA Group defense sector financing regulations**

1.- Since October 20, 2005, BBVA has followed a strict internal code concerning the "Principles, Criteria and Rules of Procedure for Defense Industry Lending", compliance with which is obligatory for all Group institutions, both in the financial area and other sectors where the Group operates. The regulations were approved by top executive management in the Risk Department.

2.- The Group's policy on financing applications from the defense industry is under constant review to ensure it meets the strictest criteria. In the 2008 update, Group restrictions on operations related to cluster bombs and weapons of massive destruction were extended. This policy mirrors and adjusts to the content of Final Disposition Five in the Law on the Supervision of Overseas Trade in Defense and Dual Purpose Material.

3.- Group policy in this matter is governed by the general principle of adherence to the eight criteria in the European Union Code of Conduct and, consequently:

a) Any approved application must comply with the applicable legislation in each jurisdiction, as well as the principles in the BBVA Group Code of Conduct and its commitment to Human Rights.

b) The BBVA Group will not participate in financial transactions where the borrower is a company in the arms and munitions sector and registered in a country or territory with any of the following characteristics:

[1] The company's location country is on the list of countries with armed conflicts.

[2] The company's location country is on the list where at least 1 in every 100 is a refugee in other countries.

[3] The company's location country is on the list of countries subject to UN, OSCE and EU Arms Embargos.

[4] The company's location country is on the list of countries condemned by the UN/EU for Human Rights abuses.

[5] The company's location country is on the list of countries with child soldiers, not having passed the Convention on the Rights of the Child relating to the participation of minors in armed conflicts.

[6] The company's location country is on the list of countries not having passed the main United Nations legal instruments on Human Rights.

[7] The company's location country is on the list of countries not having signed international treaties and conventions relating to the Non-Proliferation of Weapons of Mass Destruction.

c) The BBVA Group will not be involved in financing those operations related to the Defense Material or Dual Use Products with any of the following characteristics:

I.- Concerning participants in the operation:

[1] The purchaser is an intermediary in this operation.

[2] The purchaser is not a public body, a company with majority public capital or a private security company.

II.- Concerning operation characteristics:

[1] The goods subject to the operation are related to Anti-personnel Mines, cluster bombs or weapons of mass destruction.

[2] Not holding Government Export and/or Import Licenses issued by the corresponding country.

III.- Concerning countries involved (merchandise origin country and/or destination country): none of these countries may have any of the characteristics set out in section b).

As a result of applying these rules, many financing applications were denied.

4. The BBVA Group also states that its commitments include the periodic review of these internal regulations at least once a year. This is in order to ensure they constantly comply with the criteria on which the policies set out by local authorities and international bodies are based, all in accordance with the European Union Code of Conduct.