

REGULATIONS OF THE AUDIT AND COMPLIANCE COMMITTEE OF THE BBVA BOARD OF DIRECTORS

1. LEGAL NATURE

Per Article 48 of the Bylaws of Banco Bilbao Vizcaya Argentaria (“BBVA”, “the Bank” or “the Entity”), the Audit Committee is a body of the Bank’s Board of Directors, which has no executive functions and is governed by these Regulations.

2. PURPOSE

The task of this Committee, consisting exclusively of independent directors, is to assist the Board in supervising both the financial statements and the performance of its function of control over the BBVA Group.

The functions of the Committee are as follows:

- To oversee the adequacy, appropriateness and effective operation of the internal control systems in order, on the one hand, to insure the correctness, reliability, sufficiency and clarity of the financial statements of the Bank and its consolidated Group published in the annual and quarterly reports and, on the other, the provision of the accounting or financial information required by the Bank of Spain or other regulatory bodies, including those of countries where the Group carries on its activities.
- To monitor compliance with the applicable Spanish or international regulations relating to money-laundering, conduct in securities markets, data protection, and the actions of the Group in the field of competition, and also with the requirements for information or action established by the competent official agencies in these areas, in due time and proper form.
- To insure that the Codes of Ethics and Conduct, both internal and with respect to securities markets, that are applicable to Group personnel meet the regulatory requirements and are appropriate for the Entity.
- To take particular care to insure compliance with the provisions of the BBVA Director’s Charter, and compliance by the directors with the regulations applicable to conduct in the securities markets.

3. FUNCTIONS

Within the target scope set forth in the preceding section, the Committee will perform the following functions:

1. Analysis of the financial statements of the Bank and of its consolidated Group to be published in the annual and quarterly reports, prior to submission to the Board and in sufficient depth to verify their correctness, sufficiency and clarity; for this purpose the Committee will be furnished with the necessary information, at whatever level of aggregation it considers appropriate, and in this respect it will have the support, as necessary, of the Group's executive management, and particularly of the Chief Financial Officer's department and the Entity's auditors.

For the better performance of this function, the Committee may delegate to its Chairman the task of monthly analysis of the financial statements.

The Chairman, assisted by the Secretary, will endeavor to send to all members of the Committee sufficiently in advance of each meeting the necessary information to enable them to attend the meetings as fully briefed as possible.

2. Appointment of the external auditors of the Bank and its consolidated Group and of all the Group companies both in Spain and abroad; for reasons of rapidity and simplification of the procedures and communications, it will endeavor to appoint the same auditing firm for all the companies, unless in the opinion of the Committee this were not possible or advisable.

Except where the applicable legal regulations might determine otherwise, the contracts for external audit shall be for one year and may be renewed thereafter year by year if the quality of the service received is satisfactory and agreement is reached as to the auditors' fees.

However, every five years the audit firms of highest prestige will be invited to participate in a selection process to choose the firm which offers the best balance between service quality – the minimum requirements for which will be stipulated prior to the selection process – and the amount of the fees proposed. The outcome of this process will be submitted to the Board of Directors as a specific item on the agenda.

3. Close monitoring of the independence of the external audit, in a twofold sense:
 - Avoiding any possibility of the warnings, opinions or recommendations of the auditors being adversely influenced.
 - Stipulating as incompatible the provision of audit and consulting services unless there are not available in the market alternatives as regards content, quality or efficiency of equal value to those which the audit firm or firms in its group could provide; in this case approval by the Committee will be required, but this decision can be delegated in advance to its Chairman.
4. Verifying at appropriate intervals of time that the external audit program is being carried out in accordance with the contract conditions and is thereby meeting the requirements of the competent official agencies – particularly the Bank of Spain – and of the Bank's governing bodies. The Committee will also periodically – at least once a year – request from the auditors their evaluation of the quality of the Group's internal control procedures.

To meet this request, the auditors must make available to the Committee all appropriate information, which may go so far as to include their working papers.

5. The Committee will take cognizance of any infringements, situations requiring adjustments, or anomalies that may be detected during the course of the external audit and are of a material nature; materiality in this context signifies those that, in isolation or as a whole, may give rise to a significant and substantive impact or harm to the assets, earnings or reputation of the Group; discernment of such matters will be at the discretion of the external auditors who, if in doubt, must opt to notify them.

The notification must be made, as soon as the matter becomes known, to the Chairman of the Committee.

6. Analyzing, and if appropriate approving, the annual internal audit plan and any such other additional sporadic or specific plans that may have to be implemented because of regulatory changes or needs of the Group's business organization.

Also, as often as may be advisable, the Committee must monitor these plans, and may delegate to its Chairman the performance of preparatory tasks to facilitate the work of the Committee.

If substantial deviations arise in the periods for performance of the actions envisaged in the plans, or in the scope of the reviews, the reasons for them must be reported to the Committee and any modifications deemed to be advisable to the internal audit plans will be subject to approval by the Committee.

7. Taking cognizance of the level of application by the units audited of the corrective measures recommended by Internal Audit in previous reviews, with notification to the Board of any cases in which non-application might signify a material risk for the Group.

The Committee must be informed of any material irregularities, anomalies or non-fulfillments detected by Internal Audit in its reviews; materiality in this context signifies those that may give rise to a significant and substantive impact or harm to the assets, earnings or reputation of the Group; discernment of such matters will be at the discretion of Internal Audit which, if in doubt, must opt to notify them.

The notification must be made, as soon as the matter becomes known, to the Chairman of the Committee.

8. The Committee will be informed and express its opinion about the appointment or replacement of the internal audit manager.

9. The Committee will take care to insure that Internal Audit has the expertise and appropriate means to perform its functions in the Group, as regards both personnel and equipment, systems, procedures and action manuals, and will be informed of any impediments that might have arisen for the performance of Internal Audit tasks.

10. The Committee will have sight of the reports from outside supervisory bodies, particularly those from the Bank of Spain, the Spanish National Securities Market Commission, the Directorate-General of Insurance, the Fair Trading Tribunals, and similar institutions in Spain or abroad, that fall within the scope of its functions as set forth above.

For these purposes, the executives of the Bank to whom the Controller's Department and Internal Audit report will insure that the Audit Committee, through its Chairman, is furnished with such reports by the departments receiving them in a period of time appropriate to the importance of the subject matter.

The Committee will check that the instructions and recommendations received from the aforementioned supervisory bodies are implemented in due time and proper form, in order to correct the irregularities, deficiencies or inadequacies detected in the inspections performed by them.

11. The Committee will review all significant changes in the accounting principles applied and in the presentation of the financial statements, and will insure that they are publicly communicated, specifically stating that they have been reviewed by it.
12. The Committee will examine the draft Codes of Conduct and amendments thereto prepared by the relevant areas of the Group, and will express its opinion prior to the proposals being formulated to the Bank's governing bodies.
13. The Committee will analyze, and if appropriate approve, the annual action plan of the Compliance Area and amendments thereto, and will monitor its execution as often as it considers necessary.

The Committee will also be informed of any serious irregularities or anomalies detected in the control procedures performed by the Compliance Area, the discernment of which will be at the discretion of the Compliance Area which, in case of doubt, must opt to notify them.

The notification must be made, as soon as the matter becomes known, to the Chairman of the Committee.

14. The Committee will take cognizance of any issues affecting the conduct of members of the Board of the Bank with respect to the Director's Charter and of their involvement in the securities markets, and will report thereon to the Board if this is necessary in the Committee's opinion.

4. EXTERNAL AND INTERNAL ASSISTANCE

The Committee may hire external advisory services for matters of importance if, for reasons of specialization or independence, it considers that such services cannot be rendered by Group experts or technical personnel.

The Committee may also request personal assistance or reports from members of the management team if and when it considers that such assistance and reports are necessary for discharging its functions in matters of importance.

Such requests for assistance should customarily be routed through the hierarchical chain, although exceptionally a request may be made directly to the person whose assistance is required.

5. MEMBERSHIP, RENEWAL AND TERMINATION

The Audit Committee will consist of at least four independent directors, one of whom will be appointed as Chairman by the Board of Directors.

The members of the Committee need not necessarily be experts in the financial field, but they should understand the nature of the Group's businesses and the basis risks associated therewith. They must also be prepared to apply their best judgment, based on their professional experience, with an independent and critical approach. However, the Chairman of the Committee must have financial management experience and knowledge of the accounting standards and procedures required by the banking regulators.

The Committee will appoint a Secretary who may or may not be one of its members but cannot be an executive director.

In the absence of the Chairman, his functions will be performed by the senior member of the Committee or, in the event of equal length of service on the Committee, by the oldest member.

The renewal, re-election and termination of members of the Committee will be governed by the rules established by the Bank's Board of Directors.

6. MEETINGS

The Audit Committee will meet as often as is necessary for carrying out its functions, although an annual schedule of meetings will be fixed in accordance with its remit. It will also meet at the request of at least two members.

Save in exceptional cases, the meetings will be called with due advance notice by the Chairman of the Committee.

Save in the event of justified exceptions, the call for a meeting must include the agenda, and the Committee members will be furnished with the relevant available information for the conduct of the meeting, unless the Chairman considers that it would not be appropriate to do so for reasons of confidentiality.

The meetings may also be attended by the executives to whom the Controller's Department and Internal Audit and Regulatory Compliance report and at the proposal of such executives by such other employees in those areas with knowledge of or responsibility for the matters on the agenda if their presence at the meeting is considered advisable and desirable; however, only the members of the Committee and the Secretary can be present when the results and conclusions of the matters dealt with at the meeting are evaluated.