

REGULATIONS FOR THE RISK COMMITTEE OF THE BBVA BOARD OF DIRECTORS

Per the recommendations of the Basle Committee, the surveillance and supervision of risk management at finance entities are incumbent on the Board of Directors, which is responsible in the last instance for the approval and periodic review of the Bank's risk policy strategy, as a reflection of risk tolerance and the expected level of profitability.

To perform this function the Board has a Board Standing Committee, to which it delegates approval of the Group's risk strategy and policy, in conformity with its strategic objectives, in terms of expected loss and capital at risk.

However, the increasing complexity of the treatment of risk management at finance entities requires it to be orientated towards the configuration of a risk profile in line with the strategic objectives, progressing gradually, as the enabling elements become available, towards a model to make it possible to establish a system of delegation based on amounts and ratings, together with active monitoring of the exposure to quantifiable risk, by means of the map of capital at risk and expected losses and the control of non-quantifiable risks.

Accordingly, the analysis and periodic monitoring of risk management as part of the attributions of the Bank's governing bodies make it advisable to set up a specific Board Committee for this purpose to analyze, with the necessary dedication and within the scope of its functions, the treatment of risk in the Group as a whole.

This was the reason for the establishment of the Risk Committee of the Bank's Board of Directors, in order to:

- Analyze and evaluate the proposals regarding the Group's risk strategy and policies, for submission to the Board standing Committee for approval.

- Monitor the degree to which the risks assumed match the established profile, as a reflection of the Bank's risk tolerance and of the expectations of profitability in relation to the risks incurred.
- Approve risk transactions, within the system of delegation that may be established.
- Verify that the Group is endowed with the means, systems, structures and resources in line with best practices for implementation of its risk management strategy.
- Submit to the Board Standing Committee such proposals as it deems necessary or advisable for tailoring risk management in the Group to the best practices deriving from the recommendations on the corporate governance system or from supervisory bodies in the sphere of risks.

Functions of the Risk Committee

In order to carry out its activities in the Committee's sphere of competence in the terms set forth, its functions will be as follows:

1. To evaluate the strategy and general policies regarding risk in the Group, materialized in the setting of limits by type of risk and business, at the level of disaggregation fixed for each business and area of activity – therefore encompassing both credit and market risk and structural risk in terms of liquidity risk, and interest and exchange rate risk -, in order to submit the related proposals to the Board Standing Committee.
2. To analyze and evaluate risk management in the Group, in terms of risk profile (expected loss), profitability, and capital map (capital at risk), and to analyze the Group's exposure by business line, country, customer segment, and main sector borrower.
3. To present to the Board Standing Committee proposals for rules of delegation for the approval of the different kinds of risk within its competence and that of the Risk Committee.
4. To analyze the Group's risk control systems, in order to insure that they make it possible:
 - To guarantee the suitability of the structure and functionality of risk management throughout the Group.

- To have knowledge of risk exposure in the Group to assess whether it matches the profile decided on by the Entity.
 - To have available sufficient information for precise knowledge of risk exposure in decision making.
 - To monitor the correct operation of the policies and procedures to mitigate operating risks.
5. To analyze and approve, in conformity with the established rules of delegation, the proposals for credit risks, evaluating the maximum exposure per customer or group and those which by their volume may jeopardize the Group's balance sheet solvency, may potentially give rise to operating or good-standing risks, or signify overruns above the established limits.

Excepted from the foregoing are risks which by regulatory imperative are required to be approved by another body of the Bank.

6. To drive the matching of risk management treatment in the Group forward to an advanced model that makes it possible to configure a risk profile that conforms to the strategic objectives, and monitoring of the degree to which the risks assumed match that profile.

For this purpose close attention will be paid to the process of drafting of the recommendations of the Bank of Spain, of other regulators and of the Basle Committee, and to the embodiment of such recommendations in the Group's risk management model.

Membership and rules of procedure of the Risk Committee

The Risk Committee will have a minimum of three members, of whom a majority must be non executive directors, designated by the Board of Directors, which will also appoint its Chairman.

In the absence of the Chairman, the meetings of the Committee will be chaired by its senior member or, in the event of equal length of service on the Committee, by the oldest member.

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.*

The Risk Committee will meet as often as may be necessary to discharge its functions; the meetings will be called by its Chairman or his substitute as stated above, although a schedule of meetings in line with its remit will be established.

The Committee will decide on the matters to be discussed at its meetings, focused on approval of the proposals relating to customers and transactions within its scope of competence, and on the performance of the other functions assigned to it.

For the valid adoption of decisions on matters proper to it, at least three of its members must be present at the meeting and a majority vote of those present will be required.