

**BOARD OF DIRECTORS REGULATIONS**

**BANCO BILBAO VIZCAYA ARGENTARIA, S.A.**

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## **PART I**

### **Director's Charter**

- Article 1. Conditions of directorship.
- Article 2. Composition of the Board of Directors
- Article 3. Appointment and re-election of directors
- Article 4. Term of office
- Article 5. The chairman of the Board of Directors
- Article 6. Directors' duties
- Article 7. Confidentiality
- Article 8. Ethics and codes of conduct
- Article 9. Conflicts of interest
- Article 10. Related-party transactions
- Article 11. Incompatibility
- Article 12. Termination of directorship
- Article 13. Remuneration of directors
- Article 14. Pension and health insurance
- Article 15. Liability insurance
- Article 16. Incompatibility after leaving directorship

## **PART II**

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

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

- Article 17. Functions of the board of directors
- Article 18. Board meetings

Article 19. Calling Board meetings

Article 20. Quorum and approval of resolutions

Article 21. Representation

Article 22. Adoption of resolutions in writing without meeting

Article 23. Company secretary

Article 24. Meeting procedures

Article 25. Minutes

### **The Executive Committee**

Article 26. Composition

Article 27. Functions of the Executive committee

Article 28. Rules of organisation and operation

### **Board Committees**

#### **Audit & Compliance Committee**

Article 29. Composition

Article 30. Functions

Article 31. Rules of organisation and operation

#### **Appointments & Remuneration Committee**

Article 32. Composition

Article 33. Functions

Article 34. Rules of organisation and operation

## **Risks Committee**

Article 35. Composition

Article 36. Functions

Article 37. Rules of organisation and operation

## **Other Provisions**

Article 38. Relations with shareholders and markets

Article 39. Corporate social responsibility

## PART I

### Director's Charter

#### Article 1. Conditions of directorship

Bank directorships may be executive or external. Executive directors have been conferred general powers to represent the Company on a permanent basis; they perform senior-management duties or are employees of the Company or its Group companies. All other board members shall be considered external.

Independent directors are external directors appointed for their personal and professional background who can pursue their duties without being constrained by their relations with the Company, its significant shareholders or its executives.

Independent directors may not:

- a) Have been employees or executive directors in Group companies, unless 3 or 5 years, respectively, have passed since they ceased to be so.
- b) Receive any amount or benefit from the Company or its Group companies for any reason other than remuneration of their directorship, unless it is insignificant.

Neither dividends nor supplementary pension payments that the director may receive from earlier professional or employment

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relationships shall be taken into account for the purposes of this section, provided they are not subject to conditions and the company paying them may not at its own discretion suspend, alter or revoke their accrual without breaching its obligations.

- c) Be or have been a partner in the external auditors' firm or in charge of the auditor's report with respect to the Company or any other Group company during the last three years.
- d) Be executive director or senior manager in any other company on which a Company executive director or senior manager is external director.
- e) Maintain or have maintained during the past year an important business relationship with the Company or any of its Group companies, either on his/her own behalf or as relevant shareholder, director or senior manager of a company that maintains or has maintained such relationship.

Business relationships shall mean relationships as provider of goods and/or services, including financial, advisory and/or consultancy services.

- f) Be significant shareholders, executive directors or senior managers of any organisation that receives or has received significant donations from the Company or its Group during the last three years.

Those who are merely trustees on a foundation receiving donations shall not be ineligible under this letter.

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- g) Be married to or linked by equivalent emotional relationship, or related by up to second-degree family ties to an executive director or senior manager of the Company.
- h) Have not been proposed by the Appointments and Remuneration committee for appointment or renewal.
- i) Fall within the cases described under letters a), e), f) or g) of this section, with respect to any significant shareholder or shareholder represented on the Board. In cases of family relationships described under letter g), the limitation shall not only apply to the shareholder, but also to the directors it nominates for the Company's Board.

Directors owning shares in the Company may be independent providing they comply with the above conditions and their shareholding is not legally considered as significant.

External directors may only be considered independent for a continuous 12-year term in office. After this, they cease to be independent.

Shareholder-nominated directors (*dominicales*) are external directors who:

- a) Directly or indirectly own at least 5% of the Company's share capital or voting rights.
- b) Represent shareholders described in the preceding letter. They shall be deemed to do so when: they have been appointed to exercise proxy rights; they are a director, senior manager, employee or non-occasional service provider to said shareholder, and/or to companies belonging to its

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group; corporate documents show that the shareholder deems the director to represent or have been nominated by said shareholder; they are married to or linked by equivalent emotional relationship, or related by up to second-degree family ties to a significant shareholder.

The above criteria –used to determine whether a person is a shareholder-nominated director– shall also apply in the event of agreements or pacts between shareholders that oblige those concerned to take concerted action in using 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.

The shareholder-nominated directors who cease to be such once the shareholder they represent sells their shareholding may only be re-elected as independent directors when the shareholder they represented until then has sold all its shares in the Company.

Any external director that cannot be considered either a shareholder-nominated or an independent director shall explain the reasons for this and any ties to the Company, its executives and/or its shareholders.

When proposing directors to the AGM for appointment or ratification, the Board shall provide a description of the type and conditions of their directorship. This shall be reviewed each year by the Board's Appointments and Remuneration committee in order to include it in the annual report on corporate governance.

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## Article 2. Composition of the Board of Directors

The Board comprises a number of directors within the limits established in the company's bylaws and in any resolution adopted by the AGM.

Members shall be appointed to the Board by the AGM without detriment to the Board's right to co-opt members in the event of a vacancy.

In any event, persons proposed for appointment as directors must meet the requirements of applicable legislation, the special code of standards for financial institutions, and the provisions of the Company's bylaws.

The Board of Directors shall put its proposals to the Company AGM in such a way that there is an ample majority of external directors to executive directors on the Board and that the number of independent directors accounts for at least one third of the total seats.

## Article 3. Appointment and re-election of directors

The Board shall approve the proposals it submits to the AGM for appointment or re-election of directors and its resolutions to co-opt directors at the proposal of the Remuneration & Appointments committee in the case of independent directors, and following a report from said committee for all other directors

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The Board's resolutions and deliberations on these matters shall take place in the absence of the director whose re-election is proposed. If the director is at the meeting, she/he must leave the room.

New directors shall be given an induction and support programme to help them gain an initial understanding of the Company and its corporate governance standards. When circumstances make it advisable, the Company may also establish refresher courses to update the directors' knowledge.

#### **Article 4. Term of office**

Directors shall stay in office for the term defined by the Company's bylaws under a resolution passed by the AGM. If they have been co-opted, they shall work out the term of office remaining to the director whose vacancy they have covered through co-option, unless a proposal is put to the AGM to appoint them for the term of office established under the Company's bylaws.

Directors shall resign their positions on reaching 70 years of age. They must present their resignation at the first meeting of the Bank's Board of Directors after the AGM that approves the accounts for the year in which they reach this age.

When directors leave their office before its term expires, they shall explain the reasons in a letter sent to all Board members, unless they are leaving on the grounds described in the preceding paragraph. The Company's annual corporate governance report shall contain this information.

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## Article 5. The chairman of the Board of Directors

The chairman of the board shall also be the Bank's chief executive officer unless the Board resolves to separate the posts of chairman and chief executive officer on the grounds of the Company's best interests.

The chairman, who is responsible for the efficient running of the Board, shall at all times ensure that the directors receive sufficient prior information for the meetings; encourage directors to debate and participate actively in the meetings, safeguarding their freedom to take their own stance and express their own opinion. He/she shall organise and coordinate periodic assessment of the board with the chairs of the relevant committees and with the Bank's chief executive officer when this is not also the chairman.

## Article 6. Directors' duties

The members of the Bank's board of directors shall perform the duties associated with their respective positions on the Board and the Board committees on which they sit, in accordance with law, with the Company's bylaws, with the Bank's regulations on corporate governance and with any resolutions adopted in this regard by the Company's governing bodies.

Board members must comply with their duties as defined by legislation and by the Company bylaws in a manner faithful to the best interests of the Company.

They must clearly express their opposition when they consider that a

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resolution submitted to the Board may not be in the Company's best interests or could be damaging for shareholders not represented on the Board.

Directors must devote the time and effort to their duties required to perform them efficiently. They are obliged to attend the meetings of corporate bodies and of the Board committees on which they sit, unless they can justify the reason for their absence. They shall participate in the deliberations, discussions and debates on matters submitted for their consideration.

They shall act along the lines established 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 Company's governing bodies, especially in regard to relations with the Bank's customers, managers and employees.

The directors shall dispose of sufficient information to be able to form their own opinions regarding the questions that the Bank's governing bodies are empowered to deal with. They may request any additional information or advice they require to comply with their duties, and may ask the Board of Directors for expert help from outside the Bank for matters put for their consideration, whose special complexity or importance makes this advisable.

Exercise of these rights shall be channelled through the chairman and/or secretary of the Board of Directors. The chairman and/or secretary shall attend to requests by providing the information directly or by establishing suitable arrangements within the organisation for this purpose, unless a

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specific procedure has been established in the regulations governing the Board committees.

### **Article 7. Confidentiality**

The deliberations of governing bodies are confidential. Directors shall thus keep secret the deliberations of the Board and the Board committees on which they sit, as well as any information they 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.

### **Article 8. Ethics and standards of conduct**

Directors shall act ethically and in good faith.

For this reason directors must notify the Board of any direct or indirect conflict that might exist with the Company's interests, any stake they might have in a company whose activities are the same, similar or complementary to the Company's corporate object and the offices or functions which they perform in it. They must also notify the Board of any activities that are the same, similar or complementary to those pursued by the Company when performed on their own behalf or on behalf of a third party.

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The directors must inform the Appointments & Remuneration committee of their other professional obligations, in case these might interfere with the dedication required to comply with their duties as directors.

### Article 9. Conflicts of interest

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

Directors shall not be present when the corporate bodies to which they belongs are discussing matters in which they might have a direct or indirect vested interest, or matters that might affect persons with whom they are related or affiliated under legally established terms and conditions.

Directors must also refrain from taking a direct or indirect interest in businesses or enterprises in which Bank or companies of its Group hold an interest, unless such interest was held prior to joining the Board or the moment when the Group took out its interest in such business or enterprise, or unless such companies are listed on domestic or international stock exchanges, or unless authorised to do so by the Board of Directors.

Directors may not use their position in the Company to obtain a material gain. Nor may they take advantage directly for themselves or indirectly for persons related to them, from any business opportunity that they have become aware of as a result of their Bank directorship, unless this opportunity has been previously offered to the Bank and the Bank had

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decided not to take it up and the director has been authorised to do so by its Board.

Directors must comply at all times with the applicable provisions of the BBVA Group code of conduct for stock-exchange trading, with legislation and with any other internal codes regarding requests for loans, bank bonds and guarantees made to the financial subsidiaries of the BBVA Group. They must refrain from conducting or from suggesting to a third party any transaction involving shares of the Company and/or its subsidiary, affiliated or associate companies when their directorship has led to possession of privileged or confidential information before such information is known to the public.

#### **Article 10. Related-party transactions**

The Board of Directors shall be aware of the transactions between the Company and its directors, its significant shareholders and/or shareholders represented on the board, and/or parties related to them.

The execution of such transactions shall require urgent authorisation from the Board of Directors or the Executive committee, based on a favourable report from the Audit & Compliance committee, unless they are credit-risk transactions, which shall be governed by their own specific standards.

No Board authorisation shall be required for related-party transactions for an amount of no more than 1% of the Company's annual revenues, when these are conducted under contracts with standard terms and conditions applicable in block to many customers and at prices or rates established in a general

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manner, or whose terms and conditions are an extension of those applicably to Bank staff in general, or are agreed under procedures guaranteeing competition, unless they are credit-risk transactions, which shall be governed by their own specific standards.

### Article 11. Incompatibility

In the performance of their duties, directors shall be subject to the incompatibility regime established under current legislation and in particular under Act 31/1968, 27th July, on senior-management incompatibilities in the private-sector banking industry.

Directors shall not provide professional services to companies competing with the Bank or of any of its Group companies. They shall not agree to be an employee, manager 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 conducted before they joined the Bank Board and they had informed the Bank of them at that time.

Directors of the Bank shall not hold office in any company in which it holds an interest or in any company of its Group.

As an exception and at the discretion of the Bank, executive directors are able to hold office in companies directly or indirectly controlled by the Bank with the approval of the Executive committee, and in other associate companies with the approval of the Board of Directors. Loss of the office of

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executive director carries an obligation to resign from any office in a subsidiary or associate company that is held by virtue of such directorship.

Non-executive directors may hold office in the Bank's associate companies or in any other Group company provided this is not related to the Group's holding in such companies and after prior approval from the Bank's board of directors. For these purposes, holdings of the Bank or its Group of companies resulting from its ordinary business activities, asset management, treasury trading, derivative hedging and/or other transactions shall not be taken into account.

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

## **Article 12. Termination of directorship**

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

Directors must make the Board aware of any circumstances affecting them that might harm the Company's reputation and credit and, in particular, of any criminal charges brought against them, and any significant changes that may arise in their standing before the courts.

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Directors must place their office at the disposal of the Board and accept its decision regarding their continuity or non-continuity in office, under the circumstances given below. Should the Board resolve they not continue, they shall accordingly tender their resignation.

- When they are affected by circumstances of incompatibility or prohibition as defined under prevailing legislation, in the Company's bylaws or in the director's charter.
- When significant changes occur in their professional situation or that may affect the condition by virtue of which they were appointed to the Board.
- When they are in serious dereliction of their duties as directors.
- When the director, acting as such, has caused severe damage to the Company's assets or its reputation or credit, and/or no longer displays the commercial and professional honour required to hold a Bank directorship.

### **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 and by the resolutions that the Board of Directors may adopt on such matter, with the involvement of the Board's Appointments & Remuneration committee in cases established under these regulations.

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The remuneration of directors in their capacity as Board members shall be linked to the responsibility, dedication and incompatibility restrictions inherent to the duties they perform on the Board and its committees. The Board may establish exceptions when it deems that circumstances so require.

#### **Article 14. Pension and health insurance**

Members of the Bank's Board of Directors shall be entitled to a benefits scheme that covers cessation, retirement and death. This scheme shall be established by the Board of Directors, together with its conditions and exceptions. It shall be separate from the scheme for executive directors.

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

Directors will have the right to be reimbursed any costs they incur in performance of their duties as such, under the terms and conditions determined by the Bank's Board of Directors.

#### **Article 15. Liability insurance**

The Bank shall take out a civil-liability policy with an insurance company to cover liabilities incurred by directors in the performance of their duties. This policy shall cover in advance all expenses (including legal assistance), bonds

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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 save directors harmless in the event of any claim arising from actions carried out in the legitimate performance of their duties.

### **Article 16. Incompatibility after leaving directorship**

Former directors of the Bank may not provide services to another financial institution in competition with the Bank or its subsidiaries for two years after leaving their directorship, except with express authorisation from the Board, which it may refuse to give on grounds of the Company's best interests.

## **PART II**

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

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

The board of directors of Banco Bilbao Vizcaya Argentaria, S.A. is the Company's natural body of representation, administration, management and control, according to its bylaws.

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## Article 17. Functions of the board of directors

The Board of Directors shall consider its core mission to be to approve Company strategy and the organisation necessary to execute it, as well as to supervise and check that the management is meeting its targets and respecting the corporate object and the Company's best interests. It shall reserve the following powers to itself:

- a) To approve the Company's general strategies and policies, and in particular:
  - i) The annual budgets, which shall comprise the strategic or business plan and the management and funding targets.
  - ii) The investment and funding policy.
  - iii) The corporate governance policy.
  - iv) The corporate social responsibility policy.
  - v) The policy for senior managers' remuneration and performance assessment.
  - vi) The policy for overseeing and managing risks, and the periodic monitoring of the internal information and oversight systems.
  - vii) The pay-out policy and the treasury-stock policy, especially their

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limits.

b) To adopt the following resolutions:

- i) At the proposal of the Company's chief executive officer, the appointment and possible separation of senior managers to/from their posts, as well as their indemnity clauses.
- ii) Directors' remuneration and any additional remuneration to executive directors for executive responsibilities and other terms and conditions that their contracts must include.
- iii) The financial information that the Company, as a publicly traded company, must disclose periodically.
- iv) Investments and/or transactions of any kind, whose high value or special characteristics make them strategic, unless the AGM is charged with approving them.
- v) The creation or acquisition of shares in special-purpose entities or entities domiciled in countries or territories considered tax havens, and any other transactions or operations of an analogous nature whose complexity could undermine the Group's transparency, on the basis of a report from the Audit & Compliance committee.

These resolutions may be passed by the Executive committee on the grounds of urgency, then submitted to the board for ratification.

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- c) To assess quality and efficiency in the operation of the Board and its committees on the basis of the reports that said committees submit. Also assessment of the chairman of the Board's performance of his/her duties and, where pertinent, of the Company's chief executive officer, on the basis of the report submitted by the Appointments & Remuneration committee.

For the effects of these regulations, senior management shall mean executive directors and members of the Bank's Management committee.

### **Article 18. Board meetings**

In principle, the Board of Directors shall meet monthly. An annual calendar of its scheduled meetings shall be drawn up sufficiently in advance.

The Board of Directors shall meet whenever the chairman or the Executive committee deem it advisable, or at the behest of at least one quarter of the Board members in office at any time.

### **Article 19. Calling board meetings**

The Board shall be convened by the chairman and, when this is not possible, by whomever the Company bylaws determines.

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Meetings shall be considered as validly convened for the dates shown on the calendar of scheduled meetings drawn up for any year. However, the secretary, at the request of the chairman, shall send notification to Board members of a meeting sufficiently in advance, with the agenda. This may be done by letter, fax, telegram, electronic mail or other means of telecommunications. The same means may be used to cancel such meetings.

Nonetheless, the Board may be called to meet on dates other than those established in the annual calendar.

The agenda shall include the matters determined by the chairman of the Board, either at his/her own initiative or at the suggestion of any director, deemed to be advisable for the Company's best interests.

The Board may also meet when all its members are present and unanimously resolve to constitute a meeting.

## **Article 20. Quorum and approval of resolutions**

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

Resolutions shall be adopted by an absolute majority of votes and proxies except when law or by the Company's bylaws state otherwise.

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### Article 21. Representation

Should it not be possible for a director to attend any of the Board meetings, she or he may give a proxy to another director to represent and vote for her or him. This shall be done by a letter, fax, telegram or electronic mail sent to the Company with the information required for the proxy director to be able to follow the absent director's indications.

### Article 22. Adoption of resolutions in writing without meeting

The Board may adopt resolutions in writing and without meeting, provided no director opposes this, in accordance with the provisions of the Company Act.

### Article 23. Company secretary

The Board of Directors shall designate a secretary from amongst its members, on the basis of a report from the Appointments & Remuneration committee, unless it resolves to commend these duties to a non-board-member. The same procedure shall be applicable for the separation of the secretary from his or her duties.

The secretary, as well as performing the duties attributed by law and by the Company bylaws, shall be concerned with the formal and material legality of the Board's actions, ensuring they are in compliance with the Company bylaws, the AGM regulations and the board regulations, and that they take

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into account recommendations on good governance that the Company has underwritten at any time.

The Board may also appoint a deputy secretary to stand in for the secretary in the event of his/her absence or incapacity. The deputy secretary may also act as secretary to the Board committees when so decided.

#### **Article 24. Meeting procedures**

The Board of Directors shall meet at the place and on the date indicated according to the agenda established. The chairman shall draw up the proposed resolutions submitted to the Board and direct its deliberations and discussions.

Should the chairman be absent, the meetings shall be chaired by whomever the Company bylaws determines.

The secretary of the meeting shall be the company secretary, the deputy secretary should there be one or, in the absence of both, a person accepted for this purpose by a majority of the meeting's members.

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

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The chairman shall encourage the participation of directors in the meetings and deliberations of the Board and shall put matters to a vote when he/she considers they have been sufficiently debated.

Group executives and other persons may join the meetings should the chairman deem their attendance advisable in light of the business laid before the Board.

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

Once the minutes of the meeting of the Board are approved, they shall be signed by the secretary and countersigned by whomever chaired the 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 dealt with during the meeting. Their text shall be made available to Board members at the next meeting.

### **The Executive Committee**

#### **Article 26. Composition**

In accordance with Company bylaws, the Board of Directors may appoint an Executive committee, once two-thirds of its members vote for it and record of the resolution is duly filed at the company registry. It shall try to ensure

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that it has a majority of external directors to executive directors and that independent directors occupy at least one third of the total seats.

The Executive committee shall be chaired by the chairman of the Board of Directors, or when this is not possible, by whomever the Company bylaws determines.

The secretary of the committee shall be the company secretary. If absent, the person the meeting's members appoint for this purpose shall stand in for the company secretary.

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

The Executive committee shall deal with the business that the Board of Directors delegates to it in accordance with prevailing legislation or with the Company's bylaws.

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 results, taking into account any regulations that may be established and recommendations made regarding best market practices, adapting these to the Company's specific circumstances.

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## Article 28. Rules of organisation and operation

The Executive committee shall meet on the dates indicated in the annual calendar of meetings and when the chairman or acting chairman so decides.

All other aspects of its organisation and operation shall be subject to the provisions these regulations establish for the Board of Directors.

Once the minutes of the meeting of the Executive committee are approved, they shall be signed by the secretary and countersigned by whomever chaired the meeting.

Directors will be given access to the approved minutes of the Executive committee at the beginning of Board meetings, so that they can be aware of the content of its meetings and the resolutions it has passed.

### Board Committees

To assist in the performance of its duties, the board of directors can set up the committees it deems necessary to help it on questions appropriate to its scope of competence. However, the Board of Directors shall necessarily be assisted by an Audit committee for supervision of financial statements and oversight functions. This committee shall have the authority and necessary means to carry out this fundamental role in the Company.

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The Board of Directors shall determine the number of its different committees, their names and their duties and shall also appoint or dismiss their members in view of the knowledge, skills and experience of the directors and the missions of each committee. The Board shall appoint and/or dismiss their respective chairs.

Non-executive directors shall cease to sit on the different Board committees three years after the Board appoints them, although the Board may resolve to re-elect them.

Directors will be given access to the approved minutes of the different committees so that they can be aware of what they have been doing and the business they have dealt with.

## **Audit & Compliance Committee**

### **Article 29. Composition**

The BBVA Audit & Compliance committee shall be formed exclusively by independent directors who are not members of the Bank's Executive committee. They are tasked with assisting the Board of Directors in supervising the financial statements and exercising oversight for the BBVA Group.

It shall have a minimum of four members appointed by the Board in the light of their knowledge and experience in accounting, audit and risk

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management. One of these shall act as chairman, also by Board appointment.

Members of the committee do not necessarily have to be experts in financial matters but must understand the nature of the Group's businesses and the basic risks associated with it. It is also essential that they be prepared to apply the judgement skills ensuing 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 accounting procedures and standards required by the bodies regulating the sector.

When the chairman cannot 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.

The committee shall appoint a secretary who may or may not be a committee member but may not be an executive director.

### Article 30. Functions

The committee will have the powers established under the Company bylaws, with the following scope:

- Supervise the internal control systems' sufficiency, appropriateness and efficacy in order to ensure the accuracy, reliability, scope and clarity of the financial statements of the Company and its consolidated Group in

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their annual and quarterly reports. Also supervise the accounting and financial information that the Bank of Spain or other regulators from Spain and abroad may require.

- Oversee compliance with applicable national and international regulations on matters related to money laundering, conduct on the securities markets, data protection and the scope of Group activities with respect to anti-trust regulations. Also to ensure that any requests for action or information made by official authorities in these matters are dealt with in due time and in due form.
- Ensure that the internal codes of ethics and conduct and securities market trading, as they apply to Group personnel, comply with legislation and are properly suited to the Bank.
- Especially to enforce compliance with provisions contained in the BBVA directors charter, and ensure that directors satisfy applicable standards regarding their conduct on the securities markets.

As part of this objective scope, the Board shall detail the duties of the committee in specific regulations establishing procedures by which it may perform its mission. These shall supplement the provisions of the present regulations.

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

The Audit & Compliance committee shall meet as often as necessary to comply with its functions although an annual calendar of meetings shall be

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drawn up in accordance with its duties.

The officers responsible for Comptrol, Internal Audit and Regulatory Compliance may be invited to attend committee meetings. They may request other staff be invited from their areas who have particular knowledge or responsibility in the matters contained in the agenda, 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 may engage external advisory services for relevant issues when it considers that these cannot be properly provided by experts or technical staff within the Group on grounds of specialisation or independence.

The committee may call on the personal co-operation and reports of any employee or member of the management team when it considers that this is necessary to carry out its functions with regard to relevant issues. The usual channel for a request of this nature shall be through the reporting lines of the Company organisation. 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, minutes 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.

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## Appointments & Remuneration Committee

The Appointments & Remuneration committee of the BBVA Board of Directors is tasked to assist the Board on issues regarding the appointment of Bank directors and other issues covered by these regulations. It shall oversee observance of the remuneration policy that the Company establishes.

### Article 32. Composition

The Appointments & Remuneration committee shall consist of at least three members, appointed by the Board of Directors which will also appoint the committee chairman.

All the committee members must be external directors, with a majority of independent directors. Its chairman must be an independent director.

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 & Remuneration Committee shall be as follows:

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- 1.- Draw up and report proposals for appointment and re-election of directors under the terms and conditions established in the first paragraph of article 3 above.

To such end, the committee shall evaluate the skills, knowledge and experience that the Board requires, as well as the conditions that candidates should display to fill the vacancies arising, assessing the dedication necessary to be able to suitably perform their duties in light of the needs that the Company's governing bodies may have at any time.

The committee shall ensure that when filling new vacancies, the selection procedures are not marred by implicit biases that may hinder the selection of female directors, trying to ensure that women who display the professional profile being sought after are included on the shortlists.

When drawing up proposals for the appointment and re-election of directors, the committee shall take into account, in case they may be considered suitable, any applications that may be made by any Board member for potential candidates to fill the vacancies.

- 2.- Should the chairmanship of the Board or the post of chief executive officer fall vacant, the commission shall examine or organise, in the manner it deems suitable, the succession of the chairman and/or chief executive officer and put corresponding proposals to the Board for an orderly, well-planned succession.

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- 3.- Propose the remuneration system for the Board of Directors as a whole, in accordance with the principles established in the Company's bylaws. This system shall deal with the system's items, amounts and method of payment.
- 4.- Determine the extent and amount of the remuneration, entitlements and other economic rewards for the chairman, the chief operating officer and other executive directors of the Bank, so that these can be reflected in their contracts. The committee's proposals on such matters shall be submitted to the Board of Directors.
- 5.- Submit an annual report on the directors pay policy to the Board of Directors.
- 6.- Report the appointments and severances of senior managers and propose senior-management remuneration policy to the Board, along with the basic terms and conditions for their contracts.
- 7.- Any others that may have been allocated under these regulations or attributed to the committee by a Board of Directors resolution.

In the performance of its duties, the Appointments & Remuneration committee shall consult with the Company chairman and, where applicable, the chief executive officer via the committee chair, especially with respect to matters related to executive directors and senior managers.

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## Article 34. Rules of organisation and operation

The Appointments & Remuneration committee shall meet as often as necessary to perform its duties, convened by its chairman or by whomsoever stands in for its chairman in accordance with article 32 above.

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 may also obtain advice as necessary to establish criteria related to its business. This shall be done through the Board secretary.

The system for convening meetings, quorums, the adoption of resolutions, minutes and other details of its operation shall be in accordance with the provisions of these Board of Directors regulations insofar as they are applicable.

## Risks Committee

### Article 35. Composition

The Risk committee shall have a majority of external directors, with a minimum of three members, appointed by the Board of Directors, which shall also appoint its chairman.

If its chairman is absent, its meetings 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.

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## Article 36. Functions

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

- Analyse and evaluate proposals related to the Group's risk management and oversight policies and strategy and submit these to the approval of the Board of Directors. In particular, these shall identify:
  - a) The risk map;
  - b) The setting of the level of risk considered acceptable according to the risk profile (expected loss) and capital map (value at risk) broken down by the Group's businesses and areas of activity.
  - c) The internal information and oversight systems used to oversee and manage risks;
  - d) The measures established to mitigate the impact of risks identified should they materialise.
- Monitor the match between risks accepted and the profile established.
- Assess and approve, where applicable, any risks whose size could compromise the Group's capital adequacy or recurrent earnings, or that present significant potential operational or reputational risks.

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- Check that the group possesses the means, systems, structures and resources benchmarked against best practices to allow implementation of its risk management strategy.

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

The Risks committee shall meet as often as necessary to comply with its duties, convened by its chairman or by whomever stands in for its chairman in accordance with the provisions of the previous item although an annual calendar of meetings shall be drawn up in accordance with its tasks.

The system of convening meetings, quorums, the adoption of resolutions, minutes 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**

The Board of Directors recognises the principle of transparency that must govern the actions of the Company on financial markets. It shall establish proper means to ensure that the Company discloses any information that may be relevant to shareholders and investors, and that this information is correct and true.

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To such end, its website shall publish any relevant events that may have a significant influence over the listed price of BBVA shares and other information whose dissemination on the website is required by applicable rules and standards or that the Company deems advisable in order to best comply with the objectives mentioned above.

### **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 intended to achieve sustainable creation of value for its shareholders, employees and customers and for society as a whole. It shall foster the implementation and development of ethical principles based on integrity and transparency.

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