

REGULATIONS OF THE RISK AND COMPLIANCE COMMITTEE

BANCO BILBAO VIZCAYA ARGENTARIA, S. A.



Regulations of the Risk and Compliance Committee of BBVA Board of Directors

Article 1. *Nature of the Committee*

1. In accordance with the provisions of the law, the Bylaws and the Regulations of the Board of Directors, the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter, the **Company** or the **Bank**) has set up a Risk and Compliance Committee (hereinafter, the **Committee**) to better perform its functions.
2. The Committee is a permanent internal body of the Board of Directors that is consultative in nature, without executive functions but with powers of information, supervision, advice and proposal within its scope of action; and governed by the rules contained in the law, the Bylaws, the Regulations of the Board of Directors and these Committee Regulations (hereinafter, the **Regulations**).
3. By virtue of the foregoing, the Committee members' responsibilities are fundamentally supervisory and advisory in nature, and they shall not intervene in the execution or management, inherent to the Bank's management.

Article 2. *Purpose, approval and modification of these Regulations*

1. The purpose of these Regulations is to determine the operational principles of the Committee and to establish the basic rules of its organisation and functioning.
2. These Regulations have been approved by the Board of Directors, in accordance with the provisions of the law, the Bylaws and the Regulations of the Board of Directors, and it is also the responsibility of the Board to approve any amendments hereto.
3. These Regulations build on and complement the provisions of the law, the Bylaws and the Regulations of the Board of Directors applicable to the Committee, and will be interpreted in accordance with these. These will prevail in the event of a contradiction with the Committee Regulations.

4. All other matters not provided for in these Regulations, in particular regarding the system for convening meetings, quorum requirements, adopting resolutions, minutes and remaining areas of the Committee's operation, will adhere to the Regulations of the Board of Directors, insofar as they are applicable.

Article 3. Composition

1. The Committee will be comprised of a minimum of three directors, appointed by the Board of Directors, who possess the appropriate knowledge, skills and experience to understand and control the Institution's risk strategy.
2. All the members of the Committee must be non-executive directors, and a majority of its members must be independent directors, including the Chair.
3. Committee members that are re-elected as Company directors by resolution of the General Shareholders' Meeting will continue to serve on the Committee, without the need for a new election, unless otherwise agreed by the Board of Directors.
4. Notwithstanding the foregoing, a director will cease as member of the Committee three years following his or her appointment by the Board of Directors, although the latter may agree to his or her re-election.

Article 4. Chair and Secretary of the Committee

1. The Board of Directors will appoint the Chair of the Committee from amongst its independent members.
2. In the absence of the Chair, meetings will be chaired by the longest-serving independent director on the Committee, and, where multiple directors have equal length of service, by the eldest.
3. The Secretary of the Board of Directors or, upon his or her designation, the Deputy Secretary of the Board of Directors, will act as secretary of the Committee.

Article 5. Functions of the Committee

Notwithstanding any others assigned to it by the law, the Bylaws, the Regulations of the Board of Directors or these Regulations, or by decision of the Board of Directors, the Risk and Compliance Committee will have the following functions:

<i>The English version is a translation of the original in Spanish for information purposes only. In the event of discrepancy, the Spanish original will prevail.</i>

1. Based on the strategic elements established by either the Board of Directors or the Executive Committee at any given time, analyse and submit to the Board proposals regarding the Group's risk strategy, management and control, identifying, in particular:
 - a) The Group's risk appetite; and
 - b) Determination of the level of risk considered acceptable in terms of risk profile and capital at risk, broken down by the Group's businesses and areas of activity.

The foregoing will include the Institution's Risk Appetite Framework, the internal capital and liquidity adequacy assessment processes, which the Committee will analyse and submit to the Board of Directors, based on the strategic-financial approaches determined by both the Board of Directors and the Executive Committee.

2. Address, in a manner consistent with the Risk Appetite Framework established by the Board of Directors, the control and management policies for the different risks, including financial risks, and, to the extent that they do not correspond to another Board committee, non-financial risks, as well as information and internal control systems.
3. Oversee the effectiveness of the Regulation and Internal Control function (integrated by the Regulation, Supervisors and Compliance areas, as well as the Risk Internal Control and the Non-Financial Risks areas), which will hierarchically report to the Board of Directors, through the Committee, and in particular:
 - a) Propose to the Board of Directors the appointment and removal of the head of Regulation and Internal Control function, based on candidates from within the executive level pre-selected by the Talent & Culture area.
 - b) Analyse and establish objectives for the head of Regulation and Internal Control function and assess his or her performance, incorporating the assessment of the Chairman of the Board regarding the Regulation and Supervisors functions, submitting its proposal on both matters to the Remunerations Committee in order to ensure alignment with the remuneration model applicable to the Senior Management at any given time, submitting the corresponding proposals to the Board of Directors.

- c) Ensure that the Regulation and Internal Control function has the necessary material and human resources for the effective performance of its functions.
 - d) Analyse and, where appropriate, approve the annual work plan for the Regulation and Internal Control function, as well as its modifications, and monitor compliance thereof.
4. Receive monthly information from the head of Regulation and Internal Control function regarding the activities carried out by this area, as well as regarding any incidents that may arise, and verify that the Senior Management takes into account the conclusions and recommendations of his or her reports. Notwithstanding the foregoing, the head of Regulation and Internal Control function will also report quarterly to the full Board of Directors.

The Committee will also receive periodic information, as often as appropriate, from the heads of the Compliance, Risk Internal Control and Non-Financial Risk areas, integrated in the Regulation and Internal Control function.

5. Monitor the evolution of the Group's risks and their degree of compatibility with established strategies and policies, and with the Group's Risk Appetite Framework, and oversee procedures, tools and risk measurement indicators established at Group level to obtain a global view of the Bank's and the Group's risks. Likewise, monitor compliance with prudential regulation and supervisory requirements regarding risks.

Furthermore, analyse, where appropriate, the measures envisaged to mitigate the impact of identified risks, should these materialise, to be adopted by the Executive Committee or the Board of Directors, as appropriate.

6. Analyse, within its remit, the risks associated with projects that are considered strategic for the Group or with corporate transactions to be submitted to consideration by the Board of Directors or, where appropriate, to consideration by the Executive Committee and, where necessary, submit the corresponding report.
7. Analyse, prior to their submission to the Board of Directors or to the Executive Committee those risk operations to be submitted to their consideration.

8. Examine whether the prices of the assets and liabilities offered to customers fully take into account the Bank's business model and risk strategy and, if not, submit a plan to the Board of Directors aimed at rectifying the situation.
9. Participate in the process of establishing the remuneration policy, ascertaining that it is compatible with an adequate and effective risk management strategy and that it does not offer incentives to assume risks that exceed the level tolerated by the Institution.
10. Verify that the Company and the Group have means, systems, structures and resources that are consistent with best practices that enable to implement their risk management strategy, ensuring that the Institution's risk management mechanisms are adequate in relation thereto. All of the foregoing, in coordination with the remaining Board Committees, within their respective remits.
11. Report, prior to any decisions that may have to be adopted by the Board of Directors, on all matters within its remit as provided for in the law, the Bylaws, the Regulations of the Board of Directors and these Regulations.
12. Ensure compliance with applicable national or international regulations on matters related to money laundering, conduct on the securities markets, data protection and the scope of Group activities with respect to competition, and ensure that requests for information or action made by official authorities on these matters are dealt with in due time and in an appropriate manner.
13. Be informed on any breach of the applicable internal or external regulations, as well as the relevant events that the areas reporting to the Commission may have identified within their oversight and control functions. Likewise, the Commission shall be informed on those issues related to legal risks which may arise in the course of Group's activity.

For the purpose of this paragraph, they shall be considered as relevant those issues that, either in isolation or as a whole, may imply a significant and material impact or harm to the Group's equity, results or reputation.

14. Examine draft codes of ethics and conduct and their respective modifications prepared by the corresponding area of the Group, and issue its opinion in advance of the proposals to be drawn up to the corporate bodies.

15. Be apprised of reports, documents or communications from external supervisory bodies, notwithstanding any communication made with the remaining committees with regard to their respective remits.

Likewise, verify that the instructions, requirements and recommendations received from the supervisory bodies in order to correct the irregularities, shortfalls or inadequacies identified in the inspections performed are fulfilled in due time and appropriate manner.

16. Ensure the promotion of risk culture across the Group.
17. Supervise the Group's criminal risk prevention model.
18. Review and supervise the systems under which Group professionals may confidentially report any possible irregularities in the field of financial information or other matters.

Article 6. Meetings

1. The Committee will meet whenever it is convened by its Chair, who is empowered to call the Committee meetings and to set their agendas.
2. The Committee will endeavour to establish an annual calendar of meetings, considering the amount of time to be devoted to its different tasks.
3. The calling for ordinary sessions will include the agenda and must be made in writing, giving sufficient notice and endeavouring that the Committee members receive the relevant information and documentation with sufficient time for the proper performance of their duties, unless, exceptionally, upon judgment of its Chair, this should not be appropriate for reasons of confidentiality.
4. Extraordinary meetings of the Committee may be convened by telephone or by any other means of distance communication, and the requirements set out in the preceding paragraph will not apply where, upon judgment of the Chair of the Committee, the circumstances so warrant.

5. Executives responsible for the areas that manage matters within the Committee's remit may be called to meetings, in particular, Regulation and Internal Control area and Risks area, and, at the request thereof, those persons within the Group who have knowledge of or responsibility for the matters covered by the agenda, when their presence at the meeting is deemed convenient.
6. The Committee may also call any other Group employee or manager, and even arrange for them to attend without the presence of any other manager.
7. Notwithstanding the foregoing, it will seek to ensure that the presence of persons outside the Committee during these meetings, such as Bank managers and employees, be limited to those cases where it is necessary and to the items on the agenda for which they are called.
8. In order to promote a diversity of views that enriches the Committee's analyses and proposals, its Chair will ensure that all members participate freely in deliberations and will promote constructive dialogue amongst them, encouraging the free expression of their views.
9. The corresponding minutes from the meetings held by the Committee will be drawn up and, once approved, will be signed by the Secretary, with the approval of its Chair, or by whomever acted in such capacities during the corresponding meeting.

Article 7. Quorum and adoption of resolutions

1. The Committee will be validly constituted when more than half of its members, present or represented, attend the meeting.
2. Committee members will personally attend Committee meetings, and when they are unable to do so, will endeavour to grant a proxy to another Committee member, including the appropriate instructions and communicating this to the Chair of the Committee.
3. The Committee will be validly constituted without previously being convened if all of its members are present and unanimously accept the holding of the meeting.

4. Resolutions will be adopted by an absolute majority of votes present or represented.

Article 8. Report to the Board of Directors

1. The Chair of the Committee will inform the Board of Directors, at its ordinary meetings, on the activities carried out and the resolutions adopted by the Committee.
2. The minutes, once approved by the Committee, will be made available to all members of the Board of Directors.

Article 9. Assessment

1. The Committee will submit to the Board of Directors an annual report of its activity so that the latter may evaluate its operation.

Article 10. Advisory powers

1. The Committee may, through its Secretary, engage external advisory services for relevant issues when it considers that these cannot be provided by experts or technical staff within the Group on grounds of specialisation or independence.
2. Furthermore, the Committee may solicit personal cooperation and reports from any employee or member of the Senior Management if deemed necessary in order to comply with its functions in relevant matters. The usual channel for a request of this nature will be through the hierarchical line. However, in exceptional cases the request may be notified directly to the person whose cooperation is required.

* * *