INTERNAL STANDARDS OF CONDUCT

ON THE SECURITIES MARKETS

BBVA

Contents

PART I
INTRODUCTION

1 INTRODUCTION AND APPLICABLE REGULATIONS

I. INTRODUCTION

1.1 Integrity in business is one of the values comprising the BBVA Group's corporate culture. This commitment to integrity is put into practice through the BBVA Group's Code of Conduct, which contains the principles and standards that all employees and management in the Group must observe when acting for BBVA. These principles include general standards to conserve integrity in markets. There are standards for preventing market abuse and guaranteeing transparency and competition on the markets.

1.2 These basic principles have been more specifically developed in the **BBVA Group Policy on Conduct in the Securities Markets**, which applies to all employees and management in the BBVA Group worldwide and establishes the minimum standards to be respected with respect to Privileged Information, Price Manipulation, Conflicts of Interest and Own-Account Trading for all the people that comprise BBVA.

1.3 In each jurisdiction, the **Policy** is supplemented with a set of Internal Standards of Conduct on Securities Markets. This is informed by the principles of the **Policy**, which establish the minimum standards of conduct, developing them in greater detail, adjusting them where applicable to the legal requirements of the jurisdiction.

1.4 In December 2000, the Board of Directors of BANCO BILBAO VIZCAYA ARGENTARIA, S.A. (hereforeto BBVA) approved its Code of Conduct on the Securities Market, which established required rules of behaviour to ensure that institutional and personal actions of BBVA Group professionals on the Securities Markets be carried out in strict compliance with prevailing legislation and in accordance with generally accepted ethical standards intended to foster transparency on the markets (ensuring price formation mechanisms function appropriately) and to preserve investors' interests at all times.

1.5 On 18th February 2003, the BBVA Board of Directors passed an amendment to the content of those chapters in the Code affected both by the enactment of the Finance Act Reform in November 2002 and by the evolution of the BBVA Financial Group's businesses and organisational structure. Adapting to the new legal environments only required the amendment of specific concepts and the consequent amendment of the regime of obligations and duties for the persons and organisations affected.

1.6 On 28th February 2006, the BBVA Board of Directors approved a further amendment to the Code, firstly to adapt it to changes in regulations, mainly stemming from Royal Decree 1333/2005 and secondly, to improve its content in those aspects where experience in applying the Code made this advisable.

1.7 Finally, on 24th September 2008 the BBVA Board of Directors approved an amendment adapting the Code, hereforeto "Internal Standards", to the requirements stemming mainly from the transposition to Spanish law of European regulations related to the 2004/39/EC Markets in Financial Instruments Directive (known as MiFID) and its ramifications, which have given rise to substantial changes in the Securities Market Act and the issue of Royal Decree 217/2008, 15th February.

II. REGULATORY FRAMEWORK

1.8 These Internal Standards of Conduct have been written in accordance with current legislation, and their main provisions are highlighted in the following sections:

1.8.1 Act 24/1988, 28th July, concerning Securities Markets.

1.8.2 Royal Decree 1333/2005, 11th November, ramifying Act 24/1988, 28th July, on the Securities Market, regarding market abuse.

1.8.3 Royal Decree 217/2008, 15th February, on the legal regime governing investment services enterprises and other organisations providing investment services.

2 SCOPE OF APPLICATION

I. ENTITIES SUBJECT TO THESE STANDARDS

2.1 All Entities domiciled in any of the European Union member States, and all branches domiciled within the EU belonging to the BBVA Financial Group (hereforeto "BBVA Group") who either directly or indirectly conduct business on the securities markets are deemed *Entities Subject* to these Internal Standards of Conduct, with the exception of those bound by internal standards of conduct on the securities markets of their own.

2.2 The Compliance Department will keep an updated list of the *Entities Subject* to the current Internal Standards of Conduct.

II. PERSONS SUBJECT TO THESE STANDARDS

2.3 These Internal Standards shall be applicable to the following persons:

2.3.1 Members of the boards of directors of *Entities Subject* to these Standards.

2.3.2 Members of the BBVA Management Committee.

2.3.3 Other managers, partners and staff employed by the Group Entities Subject who should be subject to these Internal Standards (1) due to the level of their responsibilities or (2) because they engage in activities related to the Securities Markets and thus, have access to Privileged Information or Relevant Information, or other confidential information on securities that could be used illicitly on the markets, relating to customers or transactions with or for customers, or engaging in activities that may give rise to a conflict of interests.

2.4 For the purposes of these Internal Standards of Conduct, the people listed in the previous section shall be called *Persons Subject*.

2.5 Should any of the *Entities Subject* have agents such as those outlined in article 65 b of the Securities Market Act, these standards will also be applicable to them and, where applicable, their directors, partners, executives and employees, whenever they engage in activities under circumstances analogous to those listed in section 2.3.3 above and always in compliance with the provisions of section 2.6 below.

2.6 The above notwithstanding, the Compliance Department may authorise specific exemptions from compliance with pre-determined obligations in the Internal Standards, under the following circumstances:

2.6.1 Should Persons Subject engaging in their main business in other Entities Subject to these Standards of Conduct request exemption from some of the regulations contained herein, on the basis of obligations in the internal standards of conduct of the entities in which they pursue their main business.

2.6.2 Should Persons Subject to these Standards of Conduct whose main business activity takes place in a financial institution which is not part of the BBVA Group and has its own internal standards of conduct, request exemption from the duty to operate or communicate through the BBVA Group under the terms established in sections 9.16 and 9.17 herein.

2.6.3 Should some other circumstance arise that may justify a specific exemption, provided it complies with applicable regulations.

2.7 The Compliance Department will determine which members of the BBVA Group are subject to these Internal Standards, and where applicable, determine the period of time for which they are bound by them The Compliance Department will keep an updated list of the *Persons Subject* to these Standards and any others that are exempt, in compliance with the authorisations granted under section 2.6 above.

2.8 Without detriment to the measures established under contract, when it is deemed necessary, these Internal Standards may be extended, in full or in part, to entities providing services under an outsourcing contract or under a contract empowering them to do so, or to any individual person

2.8.1 providing services, which are under the control of the Entities Subject or any of their agents, which participate in providing investment services, or

2.8.2 which participate directly in providing services to these under an agreement empowering them to carry out the investment services provision or exercise functions essential to such provision,

whenever their activities are carried out under analogous circumstances to those in section 2.3.3 above.

III. SECURITIES AFFECTED

2.9 The provisions contained in these Internal Standards of Conduct apply to those securities and financial instruments that at any time fall within the scope of prevailing legislation concerning Securities Markets.

2.10 Thus, in accordance with article 2 of the Securities Markets Act, the following securities are included:

2.10.1 Negotiable securities issued by public- or private-sector persons or entities, and grouped as issues. Negotiable securities shall mean any right in equity, whatever it may be called, whose own legal status and rules governing its transmission, make it eligible for general, arms-length trading on a financial market. The following shall at all times be deemed to be negotiable securities:

- Shares in companies and negotiable securities equivalent to shares, and any other kind of negotiable securities that grant rights to purchase shares or equivalent securities through conversion or exercise of the rights conferred.
- Stakeholder certificates *(quotas participativas)* of savings banks and the stakeholder certificates of the Spanish confederation of savings banks (CECA).
- The bonds, debentures and other analogous securities representing participation in debt issues, including convertible or swappable securities.
- Mortgage-backed securities, bonds and warrants.
- Securitised bonds.
- Shares and units in collective-investment institutions.
- Money-market instruments, ie, those categories of instruments habitually traded on the money market, such as treasury bonds, deposit certificates and promissory notes, except in singular issues, excluding payment instruments deriving from previous commercial transactions that do not entail raising repayable finance.
- Preferred securities.
- Covered bonds secured by regional-government loans *(cedulas territoriales).*
- Warrants and other negotiable derivatives conferring a right to purchase or sell any other negotiable security, or that confer the right to a cash settlement determined with reference to, eg, negotiable securities, currency, interest rates or distributions, commodities, credit risk or other indices or benchmarks.
- Others deemed to be negotiable securities by legal and statutory provisions.

2.10.2 Contracts on options, futures or swaps, forward interest-rate agreements and other contracts for derivative financial instruments linked to securities, currencies, interest rates or distributions, or other derivative financial instruments, financial indices or financial measures that may be settled in kind or in cash.

2.10.3 Contracts on options, futures or swaps, forward interest-rate agreements and other contracts for derivative financial instruments linked to commodities that must be settled in cash or may be settled in cash at the request of one of the parties (for reasons other than breach of contract or any event leading to cancellation of the contract).

2.10.4 Contracts on options, futures or swaps and other contracts for derivative financial instruments linked to commodities that may be settled in kind, provided these are traded on a regulated market or through a multilateral trading system.

2.10.5 Contracts on options, futures or swaps, forward interest-rate agreements and other contracts for derivative financial instruments linked to commodities that may be settled by physical delivery not mentioned in the previous section of this article and not destined for commercial purposes, that show the features of other derivative financial instruments, taking into account whether they are settled through recognised clearing chambers or whether they are subject to regular adjustments in their guarantee margins, etc.

2.10.6 Derivative financial instruments for transfer of credit risk.

2.10.7 Cash-settlement financial contracts.

2.10.8 Contracts on options, futures, swaps, forward interest-rate agreements and other contracts for derivative financial instruments linked to variables in weather, transport expenses, emission permits or inflation rates or other official economic statistics, that must be settled in cash or that may be settled in cash at the choice of one of the parties (for reasons other than breach of contract or another event leading to cancellation of the contract), and also any other contract for derivative financial instruments linked to assets, rights, obligations, indices or measures not mentioned in the previous sections of this article, that show the features of other derivative financial instruments, taking into account whether they traded on a regulated market or through a multilateral trading system, whether they are settled through recognised clearing chambers or whether they are subject to regular adjustments in their guarantee margins, etc.

2.11 In general, the rules contained in this set of Internal Standards of Conduct shall be applicable to all the securities defined in the previous section, which shall hereforeto be called *Securities Affected*.

2.12 However, at any time, in compliance with prevailing regulations, the Compliance Department may determine which *Securities Affected* may be excluded regarding all or some *Persons Subject,* indefinitely or for a specific period of time, from some of the obligations detailed in these Internal Standards.

3 THE COMPLIANCE DEPARTMENT

I. POWERS

3.1 The Compliance Department, always guided by the principle of independence from those areas or units on which its activity is focused, exercises supervision and control over compliance with the principles contained in these Internal Standards of Conduct, and the rules comprising the policies and procedures laid down as these are ramified. To ensure due compliance with its duties, the Compliance Department has been granted full powers to require any person or body in the BBVA Group and in any of its entities charged with managing the moveable assets of those subject to these Standards to provide it with such information as it deems advisable.

3.2 *Persons subject* and other BBVA Group employees and executives are obliged to attend to such requests for information diligently and precisely and, where applicable, to supply the Compliance Department access to information held by third parties.

II. FUNCTIONS

3.3 Comply with and promote compliance with the rules contained in the Internal Standards of Conduct and other prevailing legal provisions at any time regarding Securities Markets.

3.4 Interpret specific applications of the rules contained in these Internal Standards of Conduct and monitor compliance.

3.5 Coordinate those aspects relating to development of mechanisms that need to be dealt with in or with other entities belonging to the BBVA Group located outside Spain to ensure compliance with these Internal Standards.

3.6 Check that the entity has adequate administrative and organisational measures to avoid possible *Conflicts of Interest* damaging customers's interests.

3.7 Establish means of control over the transactions carried out by *Persons Subject* to these Internal Standards of Conduct.

3.8 Maintain control over the *Privileged Information* in compliance with the standards contained herein, keeping *Lists of Insiders* and *Lists of Prohibited Securities* available to the supervisor during the legally established period.

3.9 Foster measures of all kinds that it considers advisable to adopt in the light of a possible abusive or unfair use of *Privileged Information*.

3.10 Deal with any queries forthcoming from *Persons Subject* with respect to these Internal Standards of Conduct.

3.11 Answer requests for information regarding rules of conduct on the securities market sent to the BBVA Group by the regulatory authorities.

3.12 Keep a register of Relevant Events which have been forwarded to the securities markets regulators.

3.13 Propose the composition and possible changes in the list of *Separate Areas* of the BBVA Group.

3.14 Assess the suitability of measures to be established in each Area of the BBVA Group to control access to and transmission of *Privileged Information.*

3.15 Establish periodic training programmes to make the Internal Standards of Conduct known and understood amongst all people who should know them.

3.16 Ensure the necessary procedures are established and ramified in order to comply with the rules outlined in these Internal Standards of Conduct.

3.17 Any other duty that may be relevant in order to reduce the risk of possible non-compliance with these Standards.

III. DUTY OF CONFIDENTIALITY

3.18 The Compliance Department shall guarantee the confidentiality of the data that, in compliance with these Internal Standards of Conduct, are submitted by *Persons Subject* and, where applicable, those whom these people have entrusted with their asset management. To such end, it shall develop procedures and foster the design of any systems that may be necessary.