

# 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 S.A. ("BBVA", "the Bank" or "the Entity"), the Audit Committee is a body of the Bank's Board of Directors that has no executive functions and is governed by Law, Company Bylaws, Board Regulations and these regulations.

## 2. PURPOSE

The main task of this Committee, consisting exclusively of independent directors, is to assist the Board in supervising both the financial information and the performance of its duty of control over the BBVA Group (hereinafter the "Group").

In this regard, its functions are as follows:

- Oversee the adequacy, appropriateness and effective operation of the internal control systems in drafting and preparing financial information to ensure the correctness, reliability, sufficiency and clarity of the financial statements of the Bank and its consolidated Group.
- Oversee internal audit effectiveness and coordinate relations with the Bank and Group auditor.

- 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 actions with respect to anti-trust regulations, and also with the requirements for action or information established by the competent official authorities on these matters are dealt with in due time and form.
- Ensure that the internal codes of ethics and conduct and with respect to securities market trading, as they apply to Group staff, comply with regulatory requirements and are suitable for the Bank.
- Take particular care to ensure compliance with the provisions of the Board Regulations for directors and compliance by the directors with the regulations applicable to conduct in the securities markets and other regulations that apply in said condition.

### **3. DUTIES**

The Audit Committee shall exercise the following duties within the target scope set out in the previous section:

1. Inform the Annual General Meeting of the questions raised in relation to the matters that are within the remit of the Committee and, in particular, on the result of the audit, explaining how it has contributed to the completeness of the financial information and the function performed by the Committee in this process.

2. Oversee the drafting and presentation of the financial information and submit recommendations or proposals to the Board of Directors aimed at safeguarding its completeness.

Analyze the financial statements of the Bank and of its consolidated Group contained in the annual, six-monthly and quarterly reports prior to their submission to the Board, as well as all other required financial information, with the necessary detail deemed appropriate. For this purpose, the Committee shall be provided with the necessary support by the Group's executive management, especially that of the Accounting Department and the Company and Group auditor. Review the necessary scope of consolidation, the correct application of accounting criteria, *and* all the relevant changes relating to the accounting principles used and the presentation of the financial statements.

For the better performance of this duty, the Committee may delegate to its Chair the task of monthly analysis of the financial statements. The Chair, assisted by the Secretary, shall 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.

3. Oversee the effectiveness of the Company's internal control, internal audit and risk management systems in the process of drawing up and reporting the mandatory financial information, including fiscal risks, as well as discuss with the auditor any significant weaknesses in the internal control systems detected during the audit, without break his/her independence. For such purposes, and where appropriate, recommendations or proposals may be submitted to the Board of Directors, along with the deadline for their follow-up.

4. Submit to the Board of Directors the proposals for the selection, appointment, reelection and replacement of the Bank and Consolidated Group auditor, taking responsibility for the selection process in accordance with applicable regulations. For reasons of communication and procedural and simplification in procedures and this auditing company should be the same for all the accounts audited, except if the Committee considers this is not possible or appropriate. Submit to the Board of Directors the hiring conditions of the auditor, and periodically obtain from the auditor information on the audit plan and its execution, in addition to preserving its independence in the exercise of its duties. The auditor selection process and the setting of the contract terms shall be carried out by the Audit and Compliance Committee in the terms established by applicable regulations at all times.

To this end, the Committee shall oversee that the Bank reports as a relevant event the replacement of the auditor, and it shall submit a statement of any disagreements arising with the outgoing auditor and the reasons of these disagreements. Should the external auditor resign, the Committee shall examine the circumstances leading to the resignation.

5. Ensuring the independent of the auditor in two ways :
  - Avoiding any possibility of warnings, opinions or recommendations of the auditor. To this end, ensure that compensation for the auditor's work does not compromise either its quality or independence, in compliance with current legislation on auditing at all times.
  - Stipulating as incompatible the provision of audit and consulting services unless they are works required by supervisors or whose

provision by the auditor is allowed by applicable legislation, and there are not available in the market alternatives as regards content, quality or efficiency of equal value to those which the auditor could provide; in this case approval by the Committee shall be required, but this decision may be delegated in advance to its Chair. The auditor shall be prohibited from providing prohibited services outside the audit, in compliance with what is set out at all times by audit legislation.

To this end, the Committee shall establish the appropriate relations with the auditor for receiving information on those issues that may threaten the auditor's independence, and any other issues related to the performance of the audit. Where applicable, it shall authorize the provision of additional services other than those prohibited by the auditor, as well as the individuals or companies linked to it, the performance of which is required by European Union law or a national legal provision in the terms set out in audit legislation. Furthermore, other reports set out in audit legislation and regulations shall be received.

In any event, the Committee shall receive on an annual basis from the auditors a written statement of their independence with regard to the Company or entities directly or indirectly related to it, and detailed and individualized information on additional services of any kind provided and the corresponding fees received by the auditor, or by people or entities linked to the auditor in accordance with the audit regulations.

In turn, the Committee, prior to the audit report being issued, shall submit a report expressing an opinion on whether the auditor or auditing company's independence has been compromised. This report must in any event contain a reasoned assessment of the provision of each of the

additional services referred to in the preceding section, considered individually and as a whole, other than the legal audit and in relation to the framework of independence or the audit regulation.

6. Verify 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 and the Bank's corporate bodies. The Committee will also periodically – at least once a year – request from the auditor its evaluation of the quality of the group's internal control procedures regarding the drafting and presentation of Group financial information.

To carry out this request, the auditors must make available to the Committee all kind of information they have, which may include their "working papers".

In turn, ensure that the external auditor holds an annual meeting with the Board of Directors in plenary to inform it of the work carried out and the progress of the accounting and risks at the company.

7. Inform the Board of Directors in advance about:
  - a) the creation or acquisition of shares in special-purpose entities or entities domiciled in countries or territories considered tax havens; and
  - b) related-party transactions.
8. The Committee shall be apprised of any relevant infringements, situations requiring adjustments, or anomalies that may be detected

during the course of the external audit. Relevant in this context signifies those issues that, in isolation or as a whole, may give rise to a significant and substantive impact or harm to assets, earnings or the reputation of the Group; discernment of such matters shall be at the discretion of the auditor who, if in doubt, must opt to report on them

This notification shall be made to the Chair of the Committee as soon as it is known.

9. The Committee shall be informed of any relevant corporate transactions and structural modifications that the Company is planning, so the Committee can analyze the operation and report to the Board beforehand on its financial terms and accounting impact and, when applicable, the exchange ratio proposed.
10. Assess the selection, appointment, separation and, where applicable, reelection initiatives of the head of the internal audit department and, based on this, make the corresponding proposals to the Board of Directors.
11. Ensure the independence of the Internal Audit Department and guarantee it has the adequate budget, capacity and means to perform its duties in the Group as regards personnel, materials, systems, procedures and operation manuals. It shall also be informed of the obstacles that may arise during performance of its duties.
12. Analyze and approve, when necessary, the Annual Plan of the Internal Audit, as well as all additional plans, occasional or specific, plans that have to be put in place due to regulatory changes or organizational needs of the Group's business.

In turn, and as periodically as required by the circumstances, perform a follow-up of these plans. It is and possible delegate to the Chair to perform the preparatory tasks that facilitate the work of the Committee.

Should there be substantial deviations from the deadlines established for the performance of the actions set out in the plans, or in the scope of the revisions, the Committee shall be informed of the causes and decide on the changes that may be appropriate to make to the Internal Audit plans.

13. Have knowledge of the audited units' degree of compliance with the corrective measures recommended earlier by the Internal Audit and report to the Board those cases that may involve a significant risk for the Group.

The Committee shall be informed of any irregularities, anomalies or non-fulfillments detected by the Internal Audit Department in its reviews, as long as they are relevant; relevance in this context signifies those that may give rise to a significant and substantive impact or harm to assets, earnings or the reputation of the Group; discernment of such matters shall be at the discretion of Internal Audit Department which, if in doubt, must opt to report on them.

This notification shall be made to the Chair of the Committee as soon as it is known.

14. Be aware of the reports, documents or communications from external supervisory bodies referring to the area of its duties in the terms set out above.

For these purposes, the executives of the Bank to whom the Accounting and Financial Information and Internal Audit and Compliance functions shall ensure that the Audit Committee, through its Chair, 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 shall check that the instructions, requirements and recommendations received from the 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.

15. Examine the draft Codes of Conduct and its amendments, which were prepared by the specific areas of the Group, and express its opinion about the proposals previously they are submitted to the Bank's corporate bodies.
16. Oversee compliance with applicable national or international regulations in those matters are its responsibility. Among other duties, the Committee monitors the main legal risks applicable to the Group, the application of tax policy and strategy approved by the Board of Directors, and oversee the BBVA crime prevention framework.

The Committee shall be notified about those relevant issues relating to legal and fiscal risks that may arise in the Group activities. Relevant 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 shall correspond to the Legal and Tax Departments, respectively.

In the same vein, oversee a mechanism that enables employees to confidentially communicate important irregularities, especially financial

and accounting irregularities they observe the Bank and, in particular, those that may lead to incompliance with current legislation.

17. To analyze and approve, if applicable, the Annual Action Plan of the Compliance Area, as well as modifications, and monitor its execution as regularly as it deems necessary.

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

This notification shall be made to the Chair of the Committee as soon as it is known.

18. To recognize of those issues that may have a significant impact on the Group's reputation, for the purposes of notifying the Board of Directors where the Committee considers it is appropriate.
19. To recognize of any issues affecting the conduct of members of the Board of the Directors included in the Board Regulations and applicable regulations, and of their involvement in the securities markets, and report thereon to the Board if this is necessary in the Committee's opinion.
20. Any other duties that may have been assigned at any time by law, Company Bylaws, the Board Regulations or attributed thereto by a decision of the Board.

#### **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 any employee or member of the Executive Management Team at the Group if and when it considers that such assistance and reports are necessary for discharging its duties 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 and Compliance Committee shall comprise of at least four members appointed by agreement from the Board of Directors, one of whom shall be appointed taking into account his/her knowledge of accounting, auditing or both. All members of the Committee shall act as independent directors.

The members of the Audit and Compliance Committee, and particularly its Chair, shall be appointed with regard to their knowledge and background in accounting, auditing and risk management.

The Chair of the Committee shall be appointed from among its members by the Board of Directors, and he/she will be replaced every four years and may

be reelected one year after the end of his/her term of office, without this affecting his/her continuance as a member of the Committee.

In the absence of the Chair, his/her duties shall 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 Committee shall appoint a Secretary who may or may not be one of its members.

The renewal, reelection and termination of members of the Committee shall 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 shall be called with due advance notice by the Chair of the Committee. Save in the event of justified exceptions, the call for a meeting must include the agenda, and the Committee members shall be provided with the relevant available information for the conduct of the meeting, unless the Chair deems 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 Accounting and Financial Information Department, 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 may be present when the results and conclusions of the matters dealt with at the meeting are evaluated.

The meetings held by the Audit and Compliance Committee will be minuted. Once the minutes are adopted, they will be signed by the Secretary and countersigned by the Chair of the Committee. The text shall be made available to the Board of Directors at its next meeting.