

## **BOARD OF DIRECTORS REGULATIONS**

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

XXXXXXXXXX

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*Pending registration in the Commercial Registry*

## PART I

### Director's Charter

Article 1. Conditions of directorship.....	1
Article 2. Composition of the Board of Directors.....	5
Article 3. Appointment and re-election of directors.....	6
Article 4. Term of office.....	7
Article 5. The Chairman of the Board of Directors.....	7
Article 5 bis. <del>Consejero Delegado</del> Chief Executive Officer.....	8
Article 5 ter. The Lead Director.....	8
Article 6. Performance of directors' duties.....	9
Article 6 bis. Duty of diligence.....	10
Article 7. Duty of loyalty.....	<del>10</del> 11
Article 8. Conflict of interest <del>11</del> .....	<del>11</del> 12
Article 9. Rules of conduct.....	14
Article 10. Directors' condition and suitability.....	<del>14</del> 15
Article 11. Limitations and incompatibilities of directors.....	15
Article 12. Termination of directorship.....	17
Article 13. Remuneration of directors.....	18
Article 14. Pension and health insurance.....	<del>18</del> 19
Article 15. Liability insurance.....	19
Article 16. Incompatibility after leaving directorship.....	<del>19</del> 20

*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.*

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## PART II

### Governing Bodies and Board Committees

#### The Board of Directors

Article 17. Functions of the Board of Directors.....	20
Article 18. Meetings of the Board of Directors.....	<del>23</del> <u>24</u>
Article 19. Convening the Board of Directors.....	<del>23</del> <u>24</u>
Article 20. Quorum and adoption of resolutions.....	<del>24</del> <u>25</u>
Article 21. Representation.....	<del>24</del> <u>25</u>
Article 22. Adoption of resolutions in writing without meeting.....	25
Article 23. Secretary of the Board of Directors.....	<del>25</del> <u>26</u>
Article 24. Meeting procedures.....	<del>26</del> <u>27</u>
Article 25. Minutes of meetings.....	<del>27</del> <u>28</u>

#### Executive Committee

Article 26. Composition.....	28
Article 27. Functions.....	<del>28</del> <u>29</u>
Article 28. Rules of organisation and operation.....	<del>28</del> <u>29</u>

#### Board Committees

##### Audit & Compliance Committee

Article 29. Composition.....	<del>30</del> <u>31</u>
Article 30. Functions.....	31
Article 31. Rules of organisation and operation.....	34

*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.*

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### Appointments Committee

Article 32. Composition.....	<a href="#">3536</a>
Article 33. Functions.....	<a href="#">3536</a>
Article 34. Rules of organisation and operation.....	<a href="#">3839</a>

### Remuneration Committee

Article 35. Composition.....	<a href="#">3839</a>
Article 36. Functions.....	<a href="#">3940</a>
Article 37. Rules of organisation and operation.....	<a href="#">4042</a>

### Risks Committee

Article 38. Composition.....	<a href="#">4142</a>
Article 39. Functions.....	<a href="#">4243</a>
Article 40. Rules of organisation and operation.....	<a href="#">4344</a>

## PART III

### Other Provisions

Article 41. Relations with shareholders and markets.....	<a href="#">4445</a>
Article 42. Corporate social responsibility.....	<a href="#">4546</a>

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The Board of Directors, according to the Company Bylaws, constitutes the natural body of representation, direction, management and oversight in Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter, "the Company" or "the Bank").

This set of regulations aims to establish the operating rules and internal norms of the Company's Board of Directors, ramifying the applicable provisions laid down by law and by the Bylaws, determining the principles on which it must act and the rights and duties of its members.

## **PART I**

### **Director's Charter**

#### **Article 1. Conditions of directorship**

Bank directorships may be executive or non-executive. Executive directors are those who perform management functions in the Company or its Group entities, regardless of the legal relationship they have with it. All other Board members will be considered non-executive directors. They may be proprietary, independent or other external directors.

Independent directors are non-executive directors appointed for their personal and professional background who can perform their duties without being constrained by their relations with the Company or its Group, its significant shareholders or its executives. Directors cannot be deemed independent when they:

- a) Have been employees or executive directors in Group companies, unless 3

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or 5 years have elapsed, respectively since they ceased as directors.

- b) Receive from the Company or its Group entities, any amount or benefit for an item other than remuneration for their directorship, except where the sum is insignificant.

For the effects of the provisions under this letter, this does not include either dividends or pension supplements that directors receive due to a former professional or employment relationship, provided these are unconditional and, consequently, the company paying them may not at its own discretion, suspend, amend or revoke their accrual unless there has been a breach of duty.

- c) Are partners of the external auditor or in charge of the audit report or have been so in the last 3 years, whether the audit in question was carried out on the Company or any other Group entity.
- d) Are executive directors or senior managers of another company in which a Company's executive director or senior manager is an external director.
- e) Maintain any significant business relationship with the Company or with any Group company or have done so over the last year, either in their own name or as a significant shareholder, director or senior manager of a company that maintains or has maintained such a relationship.

Business relationship here means any relationship as supplier of goods or services, including financial goods or services, and as advisor or consultant.

- f) Are significant shareholders, executive directors or senior managers of any entity that receives, or has received over the last three years,

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donations from the Company or its Group.

Those who are merely trustees in a foundation receiving donations shall not be deemed to be included under this letter.

- g) Are spouses, or spousal equivalents or related up to second degree of kinship to an executive director or senior manager of the Company.
- h) Have not been proposed by the Appointments Committee for appointment or renewal.
- i) Have held a directorship for a continuous period of more than 12 years.
- j) Are related to any significant shareholder or shareholder represented on the Board of Directors under any of the circumstances described under letters a), e), f) or g) above. In the event of kinship relationships mentioned in letter g), the limitation will apply not only with respect to the shareholder, but also with respect to their proprietary directors in the company in which the shareholder holds an interest.

Directors who hold shares in the Bank may be considered independent provided they comply with the above conditions and their shareholding is not legally considered to be significant.

Proprietary directors are non-executive directors that: hold an interest equal to or greater than the threshold legally considered to be significant or that are nominated due to their status as shareholders even if their interest is below that threshold; are directors representing shareholders of the foregoing. For such purpose, a director will be deemed to represent a shareholder when: they have been appointed to exercise proxy rights; they

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are a director, senior manager, employee or non-occasional service provider to said shareholder, or to companies belonging to its group; corporate documents show that the shareholder deems the director to represent or have been nominated by said shareholder; they are spouses, or spousal equivalents or related up to second degree of kinship to a significant shareholder.

These same criteria, used to determine whether a person is a proprietary director, will 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 aim is to influence it in a relevant manner.

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

Should directors perform management duties and, at the same time, be or represent a significant shareholder or a shareholder represented on the Board of Directors, they will be deemed to be executive directors.

When a non-executive director cannot be deemed either a proprietary or an independent director, they will be considered to be an "other external director" and the circumstances and their relationship to the Company, its senior management or shareholders will be explained.

When proposing directors to the General Meeting for appointment, ratification or re-election, the Board of Directors will provide a description of

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the status of each. This will be reviewed at least once a year by the Appointments Committee so that it can be recorded in the annual report on corporate governance.

## **Article 2. Composition of the Board of Directors**

The Board of Directors comprises a number of directors that, within the limits established by law and in the Company Bylaws, is determined by resolution of the General Meeting.

The General Meeting is responsible for the appointment of the members of the Board of Directors. However, if a seat falls vacant, the Board of Directors has the authority to co-opt members.

In any event, persons proposed for appointment as directors must meet the requirements of prevailing legislation, the specific regulations applicable to financial institutions, and the provisions of the Company Bylaws.

In particular, directors should meet the necessary suitability requirements to exercise their directorship. Thus, they must be considered to be of commercial and professional good repute, with adequate knowledge and expertise to perform their duties and be in a situation in which they can exercise good governance of the entity.

The Board of Directors will endeavour to ensure that the selection procedures for directors favour diversity in experience, knowledge, skills and gender and, in general, do not suffer from implicit biases that may imply any discrimination. The Board will submit its proposals to the General Meeting in such a way that there is an ample majority of non-executive directors over

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the number of executive directors on the Board and that the number of independent directors accounts for at least one third of the total Board members.

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

The proposals submitted to the General Meeting for appointment or re-election of directors and the appointments the Board makes directly to cover vacancies, exercising its powers of co-option, will be approved at the proposal of the Appointments Committee in the case of independent directors, and following a report from said Committee for all other directors.

In any case, the proposal must be accompanied by a report of the Board explaining the grounds on which the Board of Directors has assessed the competence, experience and merits of the candidate proposed, which will be attached to the minutes of the General Meeting or of the Board of Directors.

When there is a proposal to re-elect directors, the Board of Directors' resolutions and deliberations on these matters will take place in the absence of the directors whose re-election is proposed who, if present, must leave the meeting.

New directors will 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 training programmes to update the directors' knowledge.

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**Article 4. Term of office**

Directors will stay in office for the term established by the Company Bylaws or, if they have been co-opted, until the first General Meeting is held.

Directors will unflinching resign their positions on reaching 75 years of age. They must present their resignation at the first meeting of the Bank's Board of Directors to be held after the General Meeting that approves the accounts for the year in which they reach this age.

When directors leave before their term of office expires for causes other than that described in the preceding paragraph, they will explain the reasons in a letter sent to all members of the Board of Directors. This information will be included in the Company's annual corporate governance report.

**Article 5. The Chairman of the Board of Directors**

The Chairman of the Board will also be the Bank's first executive unless the Board of Directors resolves otherwise.

The Chairman is given the duties attributed to this position by law, by the Company Bylaws and by these Regulations.

The Chairman, as the person responsible for the efficient running of the Board of Directors, will ensure that prior to Board meetings the directors receive sufficient information on the business to be dealt with, and will encourage directors to debate and participate actively in the meetings, safeguarding their freedom to adopt positions and express their own opinion.

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The Chairman will organise and coordinate the periodic assessment of the Board's performance with the Chairs of the relevant Committees.

**Article 5 bis. ~~Consejero Delegado~~ Chief Executive Officer**

The Board of Directors, after receiving the report from the Appointments Committee and with a two-thirds majority, will elect a ~~Consejero Delegado~~ Chief Executive Officer from among its members, to assume responsibility for the ordinary management of the business, on whose performance he/she will report directly to the Board of Directors and to its Chairman. In performance of such duty, the ~~Consejero Delegado~~ Chief Executive Officer will hold the broadest powers conferred by the Board of Directors.

**Article 5 ter. The Lead Director**

Should the Chairman be an executive director, the Board of Directors, with the abstention of the executive directors, will nominate a Lead Director from among its independent directors.

The Lead Director will have special powers to ~~request~~:

- a) Request a Board of Directors meeting be convened or the inclusion of new items on the agenda of a Board meeting already convened, ~~to coordinate and meet with the non-executive directors and to direct the periodic assessment of the Chairman of the Board of Directors.~~
- b) Coordinate and meet with the non-executive directors.

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- c) Direct the periodic assessment of the Chairman of the Board of Directors.
- d) When appropriate, to maintain contacts with investors and shareholders to make their views known and form an opinion on their concerns, in particular, regarding the Company's corporate governance.
- e) Chair the meetings of the Board of Directors in absence of the Chairman and the Deputy Chairmen, if any.

## **Article 6. Performance of directors' Duties**

Directors must comply with their duties as defined by legislation and by the Company Bylaws in a manner that is faithful to the interests of the Company.

Thus, they must clearly express their opposition when they consider that a draft resolution submitted to the Board of Directors may be contrary to the Company's interests or could be damaging for shareholders not represented on the Board.

Directors must devote to their duties the time and effort which is necessary 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 will participate in the deliberations, discussions and debates on matters submitted for their consideration.

Likewise, they will act along the lines established according to their respective duties on the Board of Directors and its Committees and in the

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exercise of the authority conferred on them expressly by the Company's governing bodies, especially in regard to relations with the Bank's customers, managers and employees.

Before meetings the directors will be apprised of the necessary information to be able to form their own opinions regarding questions corresponding to the Bank's corporate bodies. They may request any additional information and advice they require to comply with their duties, and may request the Board of Directors for assistance from external experts on matters subject to their consideration whose special complexity or importance so requires.

Exercise of these rights will be channelled through the Chairman or Secretary of the Board of Directors, who will attend to requests by providing the information directly or by establishing suitable arrangements within the organisation for this purpose, unless a specific procedure has been established in the regulations governing the Board Committees.

#### **Article 6 bis. Duty of diligence**

The directors must perform their duties with the diligence of an orderly businessperson, taking into account the position and functions attributed to each of them.

Within the scope of strategic and business decisions, subject to business discretion, the standard of the diligence of an orderly businessperson will be deemed to have been met when the director has acted in good faith, without personal interests in the matter under decision, with sufficient information and in accordance with a suitable decision-making procedure.

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## Article 7. Duty of loyalty

Directors must perform their duties with the loyalty of a faithful representative, acting in good faith and for the best interest of the Company. To such purposes, directors will not exercise their powers for ends other than those for which they have been conferred and they will perform their duties under the principle of personal responsibility with freedom of criterion or judgement and independently of third-party relationships and instructions.

Directors will keep secret the deliberations of the Board of Directors and the Committees on which they sit, as well as any information they may access in the exercise of their duties. They will use such information exclusively for their performance and will safeguard it with due diligence. The obligation of confidentiality will continue even after they leave office.

Directors must adopt necessary measures to avoid finding themselves in situations where their interests, whether for their own account or for that of others, may enter into conflict with the corporate interest and with their duties with respect to the Company, unless the Company has granted its consent under the terms established in applicable legislation and in these Regulations.

Likewise, they must refrain from participating in deliberations and votes on resolutions or decisions in which they or a related party may have a direct or indirect conflict of interest, unless these are decisions relating to appointment to or severance from positions on the governing body.

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Directors must notify the Board of Directors of any situation of direct or indirect conflict that they or parties related to them may have with respect to the Company's interests.

### **Article 8. Conflict of interest**

The duty of avoiding situations of conflicts of interest referred to in the previous article obliges the directors to refrain from, in particular:

- i) Carrying out transactions with the Company, unless these are ordinary business, performed under standard conditions for the customers and of insignificant quantity. Such transactions are deemed to be those whose information is not necessary to provide a true picture of the net worth, financial situation and performance of the Company;
- ii) Using the name of the Company or invoking their position as director to unduly influence the performance of private transactions;
- iii) Making use of corporate assets, including the Company's confidential information, for private ends;
- iv) Taking advantage of the Company's business opportunities;
- v) Obtaining advantages or remuneration from third parties other than the Company and its Group, associated to the performance of their position, unless they are mere tokens of courtesy;
- vi) Engaging in activities for their own account or on behalf of third parties that involve effective actual or potential competition with the Company

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or that, in any other way, bring them into permanent conflict with the Company's interests.

The above provisions will also apply should the beneficiary of the prohibited acts or activities described in the previous subsections be a related party to the director.

However, the Company may dispense with the aforementioned prohibitions in specific cases, authorising a director or a related party to carry out a certain transaction with the Company, to use certain corporate assets, to take advantage of a specific business opportunity or to obtain an advantage or remuneration from a third party.

When the authorisation is intended to dispense with the prohibition against obtaining an advantage or remuneration from third parties, or affects a transaction whose value is over ten per cent of the corporate assets, it must necessarily be agreed by a General Meeting resolution.

The obligation not to compete with the Company may only be dispensed with when no damage is expected to the Company or when any damage that is expected is compensated by benefits that are foreseen from the dispensation. The dispensation will be conferred under an express and separate resolution of the General Meeting.

In other cases, the authorisation may also be resolved by the Board of Directors, provided the independence of the members conferring it is guaranteed with respect to the director receiving the dispensation. Moreover, it will be necessary to ensure that the authorised transaction will not do harm

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to the corporate net worth or, where applicable, that it is carried out under market conditions and that the process is transparent.

Approval of the transactions of the Company or its Group companies with directors needing to be approved by the Board of Directors, will be granted after receiving a report from the Audit Committee. The only exceptions to this approval will be transactions that simultaneously meet the three following specifications:

- 1) They are carried out under contracts with standard terms and are applied *en masse* to a large number of customers;
- 2) They go through at market rates or prices set in general by the party acting as supplier of the goods or services; and
- 3) They are worth less than one per cent of the Company's annual revenues.

## **Article 9. Rules of conduct**

Directors must comply with the applicable provisions of the BBVA Group Regulations on Conduct on the Securities Markets, as well as with legislation and with any other applicable internal standards regarding requests for loans, bank bonds and guarantees made to the financial subsidiaries of the Group. They must refrain from conducting or from suggesting to a third party any transaction involving securities of the Company and/or its subsidiary, affiliated or associate companies when their directorship has led to

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possession of privileged or confidential information before such information is known to the public.

### **Article 10. Directors' condition and suitability**

Directors must meet the requirements of suitability established for their position at any time by applicable legislation.

The Board will assess the suitability of directors after receiving a report from the Appointments Committee.

To such effect, the directors must inform the Appointments Committee of their other professional obligations, in case these might interfere with the dedication demanded in performing their duties, as well as on any circumstance that may affect the assessment of their suitability as directors.

Likewise, directors must inform the Appointments Committee of any circumstances that may affect their status for the purposes of article 1 herein.

### **Article 11. Limitations and incompatibilities of directors**

In the performance of their duties, directors will be subject to the rules on limitations and incompatibilities established under the applicable regulations at any time, and in particular, to the provisions of Spanish Act 10/2014 on the organisation, supervision and solvency of credit institutions.

Likewise, directors may not:

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- a) Provide professional services to enterprises competing with the Bank or any of its Group entities, or be an employee, manager or director of such companies unless they have received express prior authorisation from the Board of Directors or the General Meeting, whichever may be the authorising party, or unless these activities had been provided or performed before they became a Bank director, do not involve effective competition and had been reported to the Bank at that time.
- b) Take a direct or indirect stake in businesses or enterprises in which the Bank or its Group companies hold an interest, unless such stake was held prior to joining the Board of Directors or to the time when the Group took out its holding in such business or enterprise, or unless such companies are listed on domestic or international securities exchanges, or unless authorised to do so by the Board of Directors.
- c) Be a director in companies in which the Group or any of the Group companies hold a stake. As an exception and when proposed by the Bank, executive directors are able to hold directorships in companies directly or indirectly controlled by the Bank with the approval of the Executive Committee, and in other associated companies with the approval of the Board of Directors. A person ceasing to be an executive director is obliged to resign from any office in a subsidiary or associate company that is held by virtue of such directorship.

Non-executive directors may hold a directorship in the Bank's associate companies or in any other Group company provided the directorship is not related to the Group's holding in such companies. They must have prior approval from the Bank's Board of Directors. For these purposes, holdings of the Bank or its Group companies resulting from its ordinary

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business activities, asset management, treasury trading, derivative hedging and/or other transactions will not be taken into account.

- d) Likewise, directors may not hold political office or engage in other activities that might have public significance or affect the image of the Company in any manner, unless there is prior authorisation from the Board of Directors of the Bank.

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

Directors will stand down from office when the term for which they were appointed has expired, unless they are re-elected.

Directors must apprise the Board of Directors of any circumstances affecting them that might harm the Company's reputation and credit and circumstances that may impact their suitability for the post.

Directors must place their office at the disposal of the Board of Directors 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 will be obliged to tender their resignation.

- When they are affected by circumstances of incompatibility or prohibition as defined under prevailing legislation, in the Company Bylaws or in these Regulations;
- When significant changes occur in their professional or personal situation that may affect the condition by virtue of which they were appointed to the Board of Directors;

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- When they are in serious dereliction of their duties as directors;
- When for reasons attributable to the director in his or her condition as such, serious damage has been done to the Company's net worth, credit or reputation; or
- When they lose their suitability to hold the position of director of the Bank.

### **Article 13. Remuneration of directors**

The remuneration of members of the Board of Directors will be governed by the provisions of applicable legislation, the Company Bylaws and by the resolutions adopted by the competent corporate bodies on this matter.

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

Executive directors are excluded from the remuneration system established in the previous paragraph. They are entitled to receive remuneration for the performance of their executive duties, in compliance with article 50 bis of the Company Bylaws.

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**Article 14. Pension and health insurance**

The Bank's Board of Directors, with the conditions and exceptions it may lay down, may establish for directors the right to an insurance scheme covering severance, retirement and death, independently of the scheme corresponding to executive directors.

To the extent determined by the Board, directors will also have the right to coverage of expenses connected with illness under a medical insurance, which may be extended to cover other members of their families and to include accident insurance.

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

**Article 15. Liability insurance**

The Bank will take out a public-liability policy with an insurance company to cover liabilities incurred by directors and officers in the performance of their duties. This policy will cover in advance all expenses (including legal assistance), bonds and other claims associated with any civil, criminal or administrative proceedings brought against the Bank's directors. This coverage will remain in force even after the director ceases to hold office.

The Bank will unfailingly hold directors harmless in the event of any claim arising from actions carried out in the legitimate performance of their duties.

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**Article 16. Incompatibility after leaving directorship**

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

**PART II****Governing Bodies and Board Committees****The Board of Directors****Article 17. Functions of the Board of Directors**

The Board of Directors as the Company's highest body of representation, direction, management and oversight will have the powers established at any one time by the applicable legislation and the Company Bylaws. Specifically, it will have the following powers:

- a) Approval and monitoring of the strategy or business plan, the management targets and annual budgets and the investment and funding policy.
- b) Definition of the Group companies' structure.
- c) Determination of the corporate governance policy for the Company and its Group.

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- d) Oversight, control and periodic assessment of the efficacy of the corporate governance system.
- e) Approval of the corporate social responsibility policy.
- f) Approval of the directors' remuneration policy in order to submit it to the General Meeting under the terms established by applicable regulations.
- g) Determination of the directors' remuneration for directorships, and also, for executive directors, the remuneration to which they are entitled for their executive duties and other conditions that must be respected in their contracts.
- h) Approval of the remuneration policy for those senior managers and employees whose professional activities may have a significant impact on the Company's risk profile.
- i) Determination and monitoring of the risk-control and risk-management policy, and supervision of the internal information and control systems.
- j) Determination of the Company's fiscal strategy and fiscal-risk control policy.
- k) Approval of the pay-out policy and treasury stock policy.

l) Determination of the Group's capital and liquidity strategy.

l)m) At the proposal of the Company's first executive, the appointment and eventual severance of the senior managers, and the establishment of the basic conditions of their contracts, including their remuneration and their indemnity payment in the event of severance.

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n) At the proposal of the Audit and Compliance Committee, the appointment and removal of the Head of the Internal Audit function.

~~m) o)~~ Supervision of senior management and the bodies to which the Board of Directors confers authority.

~~n) p)~~ Approval of the financial information that the Company, as a publicly traded company, must disclose periodically.

~~o) q)~~ Oversight of the integrity of the accounting and financial information systems, including financial and operational control and compliance with applicable legislation.

~~p) r)~~ Supervision of the process of disclosure of information and communications regarding the Company, as a financial institution.

s) Approval of the policy of communication and contacts with shareholders, institutional investors and proxy advisors.

~~q) t)~~ Approval of investments or transactions of any kind, whose high value or special characteristics make them strategic, unless the General Meeting is in charge of approving them.

~~r) u)~~ Approval of 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 equivalent nature whose complexity could undermine the Group's transparency.

~~s) v)~~ Approval, where applicable, of transactions that the Company or its Group companies may make with directors or shareholders that individually or in concert hold a significant interest. This includes

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shareholders represented on the Company's Board of Directors or the boards of other Group companies, or with parties related to them, with the exceptions established by law.

~~t)w)~~ w) Assessment of the quality and efficiency of the Board's operation and assessment of the performance of the duties of the Chairman of the Board. Such assessment will always begin with the report submitted by the Appointments Committee. Likewise, evaluation of the operation of its Committees, on the basis of the report that these submit to it.

~~u)x)~~ x) Approval and amendment of these Regulations.

~~v)y)~~ y) Approval of any other policies that the regulations applicable at any time may determine. These may include policies on the selection and diversity of members of the Board of Directors and the policies on the selection and appointment of senior managers; and any others that the Board of Directors deems advisable.

The aforementioned resolutions may be adopted on the grounds of urgency by the Executive Committee in the terms established by law. The Executive Committee will later report on these to the Board of Directors in order for them to be ratified.

For the effects of these regulations, senior managers shall mean executive directors and ~~members of the Bank's Management Committee~~ staff members who perform senior management duties, with general management powers, and who report directly to the Board of Directors or any of its members, as well as those responsible for significant business units within the Group.

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**Article 18. Meetings of the Board of Directors**

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

The Board of Directors will meet whenever the Chairman or the Executive Committee deems it advisable, or at the behest of directors representing one quarter of the Board members in office at any time or, where applicable, the Lead Director.

**Article 19. Convening the Board of Directors**

The Board of Directors will be convened by the Chairman and, when this is not possible, by whoever the Company Bylaws may determine.

Meetings will be considered 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, will send notification of a meeting to directors sufficiently in advance, attaching the agenda. This may be done by letter, email or other electronic media. The same media may be used to cancel such meetings.

Nonetheless, the Board of Directors may be convened to meet on dates other than those established in the annual schedule.

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

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The Board will be deemed to be validly constituted, without the need for prior notification, when all its members are present and unanimously resolve to constitute a meeting.

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

The Board of Directors will be validly constituted when the majority of its members are present or represented.

Resolutions will be adopted by an absolute majority of votes and proxies except when law or by the Company Bylaws state otherwise.

### **Article 21. Representation**

Directors must personally attend the meetings that are held.

The above notwithstanding, should it not be possible for directors to attend any of the Board of Directors meetings, they may grant proxy to another director to represent and vote for them. This may be done by a letter or email sent to the Company with the information required for the proxy director to be able to follow the absent director's indications. Non-executive directors may only grant their proxy to another director that is also non-executive.

### **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 legal provisions.

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### Article 23. Secretary of the Board of Directors

After receiving a report from the Appointments Committee, the Board of Directors will elect a Secretary from among its members, unless it resolves to commend these duties to a non-member. The same procedure will apply for the severance of the Secretary from his/her duties.

The Secretary, in addition to the duties attributed by law and by the Bylaws, will perform the following duties:

- a) Conserve the Board of Directors' documents, minuting the procedures of the meetings to the record book and certifying its content and the resolutions adopted.
- b) Endeavour to ensure that the actions of the Board of Directors are in line with applicable regulations and in compliance with the Company Bylaws and other internal standards, and take into consideration the recommendations on good governance.
- c) Help the Chairman to ensure the directors receive the relevant information to be able to perform their duties, in due time and in due form.

Likewise, after receiving a report from the Appointments Committee, the Board of Directors may nominate a Deputy Secretary to stand in for the Secretary in the event of his/her absence or incapacity. When requested, the Deputy Secretary may also act as Secretary to the Board Committees.

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**Article 24. Meeting procedures**

The Board of Directors will meet at the place and on the date indicated in the notice of meeting, following the agenda established. The Chairman must draw up the proposed resolutions which will be submitted to the Board and direct its deliberations and discussions.

Should the Chairman be absent, the meetings will be chaired by whoever the Company Bylaws [and these Regulations](#) may determine.

The secretary of the meeting will be the Secretary of the Board of Directors and, if absent, the Deputy Secretary should there be one or, in the absence of both, a person accepted for this purpose by a majority of those attending the meeting.

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

The Chairman will encourage directors' participation in the meetings and deliberations of the Board of Directors and will 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 matters laid before the Board.

The Chairman may authorise the directors' attendance at Board of Directors meetings over audio-visual, telephone or equivalent media, provided such

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media make it possible to recognise the attendees and enable them to communicate with each other as well as to intervene and vote in real time, thereby assuring the unity of the event.

### **Article 25. Minutes of meetings**

Once the minutes of Board of Directors meetings are approved, they shall be signed by the secretary of the meeting and countersigned by whoever chaired the meeting.

If a resolution is adopted to approve the minutes during the meeting, the secretary will draw up the final version of the minutes based on the considerations and resolutions dealt with during the meeting. Their text will be made available to Board members at the next meeting held.

## **Executive Committee**

### **Article 26. Composition**

Under the Company Bylaws, the Board of Directors may appoint an Executive Committee with the vote in favour of two-thirds of its members. It will endeavour to ensure that the Committee comprises a majority of non-executive directors and a minority of executive directors.

The Executive Committee will be chaired by the Chairman of the Board of Directors, or when this is not possible, by whoever the Company Bylaws determines.

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The secretary will be the Secretary of the Board of Directors. If absent, the person the meeting's members appoint for this purpose will stand in for the Board Secretary.

### **Article 27. Functions**

The Executive Committee will be apprised of such business as the Board of Directors resolves to confer on it, in accordance with prevailing legislation, the Company Bylaws or these Regulations.

### **Article 28. Rules of organisation and operation**

The Executive Committee will meet on the dates indicated in the annual calendar of scheduled meetings and when the Chairman or acting chairman so decides.

All other aspects of its organisation and operation will be subject to the provisions of these Regulations for the Board of Directors.

Once the minutes of the meetings of the Executive Committee are approved, they will be signed by the secretary of the meeting and countersigned by whoever chaired the meeting.

Directors will be given access to the approved minutes of the Executive Committee at the beginning of Board meetings, so that the members of the Board can be apprised of the content of its meetings and the resolutions adopted in them.

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## Board Committees

To optimize performance of its duties, the Board of Directors may set up the Committees it deems necessary to assist it on matters within the scope of its powers. These Committees will periodically report to the Board of Directors on the outcome of their activity.

The Board of Directors will determine the number of its different Committees, their names and their functions, according to its needs and the legal framework established at any time. To ensure the matters within the scope of each Committee are dealt with in a suitable manner, it will also appoint or dismiss their members taking into account the knowledge, skills and experience of the directors and the missions of each Committee. The Board will appoint and/or dismiss their respective Chairs.

Non-executive directors will stand down from the different Board Committees three years after the Board of Directors has appointed them. However, the Board may resolve to re-elect them.

The Bank's Board of Directors will be given access to the approved minutes of the different Committees so its members can be apprised of the content of their meetings and the business they have dealt with.

The Board of Directors will unfailingly set up an Audit Committee, an Appointments Committee, a Remuneration Committee and a Risks Committee. These will have the composition and the powers established by law and by these Regulations and will have access to the necessary means to ensure suitable performance of their duties.

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## Audit & Compliance Committee

### Article 29. Composition

The Audit & Compliance Committee will be formed exclusively by independent directors ~~who are not members of the Bank's Executive Committee. Its mission is~~ and its mission will be to assist the Board of Directors in overseeing the financial information and the exercise of the Group control duties. The members of the Audit and Compliance Committee, and particularly its Chair, shall be appointed taking into account their knowledge and background in accounting, auditing and risk management.

It will have a minimum of four members appointed by the Board, one of whom will be appointed taking into account their knowledge of accounting, auditing or both. The Board of Directors will also nominate the Chair of this Committee, who must be replaced every four years. However, the same person may be re-elected once a year has elapsed since ceasing to hold the position.

When the Chair cannot be present, his/her duties will be performed by the most long-standing ~~member~~ independent director of the Committee, and, where more than one person of equal seniority is present, by the eldest.

The Committee will appoint a Secretary who may or may not be a Committee member.

### Article 30. Functions

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The Audit & Compliance Committee will have the powers established by law and by the Company Bylaws. Its scope of duty will be as follows:

1. Report to the General Meeting on questions raised with respect to those matters falling within the Committee's competence 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 efficacy of the internal control of the Company, the internal audit and the risk-management systems in the process of drawing up and reporting the regulatory financial information, including tax risks. Also to discuss with the financial auditor any significant weaknesses in the internal control system detected when the audit is conducted, without undermining its independence. For such purposes, and where appropriate, the may submit recommendations or proposals to the Board of Directors, and the corresponding period for monitoring.
3. Oversee the process of drawing up and reporting ~~prescriptive~~ financial information and submit recommendations or proposals to the Board of Directors aimed at safeguarding its completeness.
4. Submit to the Board of Directors proposals on the selection, appointment, re-election and replacement of the external auditor, taking responsibility for the selection process in accordance with applicable regulations, as well as their contractual conditions, and regularly collect information from the external auditor regarding the audit plan and its implementation, as well as preserving the auditor's independence in the performance of their duties.

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5. Establish correct relations with the external auditor in order to receive information on any matters that may jeopardise their independence, for examination by the Committee, and any others relating to the process of the financial auditing; as well as those other communications provided for by law and by the auditing regulations. Each year it must unfailingly receive the external auditors' declaration of their independence with regard to the Company or entities directly or indirectly related to it, as well as [detailed and individualized](#) information on additional services provided of any kind and the corresponding fees received by the external auditor or by persons or entities linked to them as provided for under the legislation on financial auditing.
6. Each year before the external financial auditor issues their report on the financial statements, to issue a report expressing an opinion on [whether the independence of the external financial auditor has been compromised](#). This report must unfailingly contain the [reasoned valuation of the provision of any each of the additional](#) services referred to in the previous subsection, considered individually and as a whole, other than the legally-required audit and with respect to the regime of independence or to the standards regulating [audits the audit activity](#).
7. Report, prior to the Board of Directors adopting resolutions, on all those matters established by law, by the Company Bylaws and by these Regulations, and in particular on:
  - a. The financial information that the Company must periodically publish;

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- b. The creation or acquisition of a holding in special-purpose entities or entities domiciled in countries or territories considered tax havens; and
  - c. Related-party transactions.
8. Oversee compliance with applicable domestic 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 with competence in these matters are dealt with in due time and in due form.
  9. Ensure that the codes of ethics and of internal conduct and conduct on the securities market, as they apply to Group personnel, comply with regulatory requirements and are adequate.
  10. Especially to oversee compliance with the provisions applicable to directors contained herein, as well as their compliance with the applicable standards of conduct on the securities markets.
  11. Any other duties that may have been allocated under these Regulations or attributed to the Committee by a Board of Directors resolution.

As part of this objective scope, the Board will detail the functions of the Committee in a specific set of regulations establishing procedures by which it may perform its mission, which will supplement the provisions herein.

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### Article 31. Rules of organisation and operation

The Audit & Compliance Committee will meet as often as necessary to comply with its functions although an annual calendar of meetings will be drawn up in accordance with its mission.

Executives heading areas that manage matters within the scope of its competence, especially the Accounting, Internal Audit and ~~Regulatory~~ Compliance departments, may be called to its meetings and, other staff from these departments who have particular knowledge or responsibility in the matters contained in the agenda, at the request of these executives, when their presence at the meeting is deemed advisable. However, only Committee members and the Secretary will be present when the results and conclusions of the meeting are assessed.

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 they are necessary for compliance with its functions in relevant issues. The usual channel for a request of this nature will 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 will be governed by the

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provisions of these Board of Directors Regulations insofar as they are applicable and by any specific set of Regulations that may be established for this Committee.

## **Appointments Committee**

### **Article 32. Composition**

The Appointments Committee will consist of at least three members, who will be appointed by the Board of Directors, which will also appoint the Committee Chair.

All Committee members must be non-executive directors, with a majority of independent directors. Its Chair must be an independent director.

When the Chair cannot be present, his/her duties will be performed by the most long-standing independent member of the Committee, and, where more than one person of equal seniority are present, by the eldest.

### **Article 33. Functions**

The mission of the Appointments Committee will be to assist the Board of Directors on matters regarding the selection and appointment of members of the Board of Directors and other matters contained herein. In particular, it will perform the following duties:

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1. Submit proposals to the Board of Directors on the appointment, re-election or separation of independent directors and report on proposals for the appointment, re-election or separation of the other directors.

To such end, the Committee will evaluate the balance of skills, knowledge and expertise on the Board of Directors, 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 view of the needs that the Company's governing bodies may have at any time.

The Committee will ensure that when filling new vacancies, the selection procedures are not marred by implicit biases that may entail any discrimination and in particular discrimination that may hinder the selection of female directors, trying to ensure that women who display the professional profile being sought are included on the shortlists.

Likewise, when drawing up proposals within its scope of competence for the appointment of directors the Committee will take into account in case they may be considered suitable, any applications that may be made by any member of the Board of Directors for potential candidates to fill the vacancies.

2. Submit proposals to the Board of Directors for policies on the selection and diversity of members of the Board of Directors.
3. Establish a target for representation of the underrepresented gender in the Board of Directors and draw up guidelines on how to reach that target.

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4. Analyse the structure, size and composition of the Board of Directors, at least once a year when carrying out its operational assessment.
5. Analyse the suitability of the various members of the Board of Directors.
6. Perform an annual review of the status of each director, so that this may be reflected in the annual corporate governance report.
7. Report the proposals for the appointment of the Chairman and the Secretary and, where applicable, the Deputy Chairman and the Deputy Secretary.
8. Report on the performance of the duties of the Chairman of the Board, for the purposes of the periodic assessment by the Board of Directors, under the terms established herein.
9. Examine and organise the succession of the Chairman [in conjunction with the Lead Director](#) and, as applicable, file proposals with the Board of Directors so that the succession takes place in a planned and orderly manner.
10. Review the Board of Directors' policy on the selection and appointment of members of senior management, and file recommendations with the Board when applicable.
11. Report on proposals for appointment and separation of senior managers.
12. Any other duties that may have been allocated under these Regulations or attributed to the Committee by a Board of Directors resolution or by applicable legislation.

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In the performance of its duties, the Appointments Committee will consult with the Chairman of the Board via the Committee Chair, especially with respect to matters related to executive directors and senior managers.

### **Article 34. Rules of organisation and operation**

The Appointments Committee will meet as often as necessary to perform its duties, convened by its Chair or by whoever stands in for its Chair pursuant to article 32 above.

The Committee may request the attendance at its sessions of persons with tasks in the Group that are related to the Committee's duties. It may also obtain such advice as may be necessary to establish an informed opinion on matters related to its business. This will be done through the Secretariat of the Board.

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

## **Remuneration Committee**

### **Article 35. Composition**

The Remuneration Committee will consist of at least three members, appointed by the Board of Directors, which will also appoint the Committee

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Chair.

All Committee members must be non-executive directors, with a majority of independent directors. Its Chair must also be an independent director.

When the Chair cannot be present, his/her duties will be performed by the most long-standing independent member of the Committee, and, where more than one person of equal seniority are present, by the eldest.

### **Article 36. Functions**

The mission of the Remuneration Committee will be to assist the Board of Directors in matters relating to the remuneration policy for directors, senior managers and employees whose professional activities have a material impact on the Company's risk profile, endeavouring to ensure observance of the established remuneration policy. In particular, it will perform the following functions:

1. Propose to the Board of Directors, for its submission to the General Meeting, the directors' remuneration policy, with respect to its items, amounts, and parameters for its determination and its vesting. Also to submit the corresponding report, in the terms established by applicable law at any time.
2. Determine the extent and amount of the individual remunerations, entitlements and other economic compensations and other contractual conditions for the executive directors, so that these can be reflected in their contracts. The Committee's proposals on such matters will be submitted to the Board of Directors.

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3. Propose the annual report on the remuneration of the Bank directors to the Board of Directors each year, which will then be submitted to the Annual General Meeting, in compliance with the applicable legislation.
4. Propose the remuneration policy to the Board of Directors for senior managers and employees whose professional activities have a significant impact on the Company's risk profile.
5. Propose the basic conditions of the senior management contracts to the Board of Directors, and directly supervise the remuneration of the senior managers in charge of risk management and compliance functions within the Company.
6. Oversee observance of the remuneration policy established by the Company and periodically review the remuneration policy applied to directors, senior managers and employees whose professional activities have a significant impact on the Company's risk profile.

[7. Verify the information on directors and senior managers remunerations contained in the different corporate documents, including the annual report on directors' remuneration.](#)

**7.8.** Any other duties that may have been allocated under these Regulations or attributed to the Committee by a Board of Directors resolution or by applicable legislation.

In the performance of its duties, the Remuneration Committee will consult with the Chairman of the Board via the Committee Chair, especially with respect to matters related to executive directors and senior managers.

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

The Remuneration Committee will meet as often as necessary to perform its duties, convened by its Chair or by whoever stands in for its Chair pursuant to article 35 above.

The Committee may request the attendance at its meetings of persons with tasks in the Group that are related to the Committee's duties. It may also obtain such advice as may be necessary to establish an informed opinion on matters related to its business. This will be done through the Secretariat of the Board.

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

### **Risk Committee**

### **Article 38. Composition**

The Risk Committee will consist of at least three members, appointed by the Board of Directors, which will also appoint the Committee Chair.

All Committee members must be non-executive directors, of whom at least one third must be independent directors. Its Chair must also be an independent director.

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When the Chair cannot be present, his/her duties will be performed by the most long-standing ~~member~~independent director of the Committee, and, where more than one person of equal seniority is present, by the eldest.

### Article 39. Functions

The mission of the Risk Committee is to assist the Board of Directors in the determination and monitoring of the Group risk management and control policy and its strategy within this scope. In particular, it will perform the following functions:

- a) Analyse and assess proposals related to the Group's risk management, control and strategy. In particular, these will identify:
  - The Group's risk appetite; and
  - Establishment of the level of risk considered acceptable according to the risk profile and capital at risk, broken down by the Group's businesses and areas of activity;
- b) Analyse and assess the control and management policies for the Group's different risks and information and internal control systems.
- c) The measures established to mitigate the impact of the risks identified, should they materialise.
- d) Monitor the performance of the Group's risks and their fit with the strategies and policies defined and the Group's risk appetite.

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- e) Analyse, prior to submitting them to the Board of Directors or the Executive Committee, those risk transactions that must be put to its consideration.
- f) Review whether the prices of assets and liabilities offered to customers take fully into account the Bank's business model and risk strategy and, if not, present a remedy plan to the Board of Directors.
- g) Participate in the process of establishing the remuneration policy, checking that is consistent with sound and effective risk management and does not encourage risk-taking that exceeds the level of tolerated risk of the Company.
- a) Check that the Company and its Group has the means, systems, structures and resources in line with best practices that enable it to implement its risk-management strategy, ensuring that the entity's risk-management mechanisms are matched to its strategy.
- b) Any other duties that may have been allocated under these Regulations or attributed to the Committee by a Board of Directors resolution or by applicable legislation.

#### **Article 40. Rules of organisation and operation**

The Risk Committee will meet as often as necessary to comply with its duties, convened by its Chair or by whoever stands in for its Chair pursuant to the provisions of the previous article 38, although an annual calendar of meetings will be drawn up in accordance with its mission.

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The Committee may request the attendance of the Group Risks Officer at its meetings, and also of other executives heading the different risks areas or the persons who, within the Group organisation, have missions related to its functions. It may also obtain such advice as may be necessary to establish an informed opinion on matters related to its business. This will be done through the Secretariat of the Board.

The system of convening meetings, quorums, the adoption of resolutions, minutes and other details of its procedures will be governed by the provisions defined in these Regulations for the Board of Directors insofar as they are applicable to the Committee and by the specific Committee Regulations.

### **PART III**

#### **Other Provisions**

#### **Article 41. 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 will 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.

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

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**Article 42. Corporate social responsibility**

Aware of the Bank's accountability with respect to society, the Board of Directors undertakes to perform 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, fostering the implementation and development of ethical principles based on integrity and transparency.

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