

Anti-money Laundering General Policy Summary

Overview

Money laundering and terrorist financing are a global phenomenon and a scourge on the development and well-being of society. Rapid advances in financial information, technology and communications allow cash to flow instantly anywhere in the world.

Banco Bilbao Vizcaya Argentaria, S.A. ("**BBVA**" or the "**Bank**"), as the parent company of an international financial group ("**BBVA Group**" or the "**Group**"), is fully aware of the key role that financial institutions play in the prevention of this phenomenon.

As a global financial group that operates in multiple social environments whose well-being it is committed to, anti-money laundering and counter-terrorist financing ("**AML**") is one of the essential pillars of BBVA's corporate culture. Its practical expression is included in the Group's Code of Conduct, the Compliance Function Charter and System as well as in BBVA's Risk Appetite Framework.

As a practical response to this commitment, BBVA Group has put in place a management model for the anti-money laundering and counter-terrorist financing risk ("**AML model**"). A model already applied in the Group, aimed at preventing the use of the products and services offered by the Bank for illicit purposes, and which is already applied within the Group.

The design, implementation and monitoring of the AML model falls under BBVA Group's Compliance function, one of the foundations on which the Group strengthens its institutional commitment to engaging in all its operations and businesses in strict compliance with the legislation in force, in accordance with strict canons of ethical behavior and through a proactive risk management.

The General Anti-Money Laundering and Counter-Terrorist Financing Policy (the "**Policy**") formalizes the AML model and establishes a uniform framework for managing this risk in the Group. It has been drafted taking account of applicable regulations and the best practices of the international financial industry in this matter. The Policy was approved by BBVA's Board of Directors.

Purpose of the Policy

The purpose of the AML General Policy is to establish the common criteria and the framework for action to be followed by the BBVA Group to prevent, identify, measure and manage the money laundering and terrorist financing risk (“ML”).

General principles and provisions of the Policy

BBVA Group operates on the principles of:

- Integrity
- Prudent risk management
- Transparency
- Achievement of a profitable and sustainable long-term business.
- Compliance with applicable law at any given time

In addition, BBVA General AML Policy establishes the following AML principles:

- BBVA Group's pledge to incorporate measures to prevent the products and services it offers its clients from being used for illicit purposes.
- Promotion of a preventive and risk-based approach to ML risk management, including the development of the necessary culture within the Group.
- Inclusion of AML risk management in the Group's Risk Appetite Framework, defining for this purpose the necessary indicators.
- Applying equivalent measures to adequately manage ML risk to the Group's obliged entities, in particular measures concerning client identification and knowledge and the communication of operations likely to be related to money laundering or terrorist financing.
- Monitoring financial sanctions programs, which restrict operations with certain countries, entities and individuals.

The Group applies an AML model based on the following provisions:

1. AML Compliance Officer and Technical Unit

The AML function is integrated within the Compliance Function and it enjoys independence.

BBVA AML obliged entities have a person responsible for the AML function within the entity, and a technical AML unit if necessary.

2. Risk assessment

BBVA's AML Model is based on the previous understanding of the ML risks to which the Group is exposed as a result of its activity, taking into account risk factors including those relating to customers, countries or geographic areas, products, services, transactions or delivery channels.

For this reason, each obliged entity carries out a risk assessment at least once a year, which constitutes the necessary basis for identifying areas for improvement in each entity's AML control framework and establishing, if necessary, additional mitigating measures to strengthen it.

3. Client identification and knowledge:

BBVA Group implements due diligence measures with respect to clients, and retains the documentation on the AML obligations. In general, BBVA obliged entities apply due diligence measures:

- via face-to-face or non-face-to-face means
- before establishing a new business relationship or executing one-off transactions
- which allow them to know and, when applicable, verify the source of funds and the purpose of the business relationship
- periodically, so that the available client information is updated

4. Client segmentation by level of risk

BBVA Group segment clients according to the level of ML risk they present. The risk rating is kept up-to-date as a result of continuous monitoring of the business relationship, determining the type and completeness of the due diligence measures with respect to the client.

Clients who present a higher risk profile are subject to an enhanced due diligence process and to senior management approval (i.e. PEPs)

5. Monitoring of operations and reporting of suspicious transactions

BBVA Group has procedures and tools in place for continuous monitoring of the clients' business relationships and one-off transactions, in order to detect possible signs of money laundering or terrorist financing, and to notify the local Financial Intelligence Unit of the transactions presenting reasonable signs or suspicion of being related to money laundering or terrorist financing.

6. Technological infrastructure

BBVA Group has the necessary technological infrastructure to adequately address all ML risk management phases.

7. Training

BBVA Group has adopted appropriate measures so that employees receive the necessary training in anti-money laundering and counter-terrorist financing.

8. International Sanctions

BBVA Group has pledged to comply with international financial sanctions and countermeasures programs, which aim to combat terrorism and its financing, the proliferation of weapons of mass destruction and their financing, drug trafficking, and violations of human rights and civil liberties, among other situations.

9. Independent reviews

In order to verify compliance with anti-money laundering and counter-terrorist financing obligations and to assess the effectiveness of the internal control measures implemented to mitigate this risk, the AML programs of obliged entities are periodically subject to independent reviews by the Internal Audit area or external auditors. Similarly, the mitigation and control environments for this risk are subject to verification by the Compliance Testing function.

10. Oversight and monitoring of subsidiaries and branches

The global AML area oversees and challenges the AML obliged entities on an ongoing basis, in order to verify the effective enforcement of the internal anti-money laundering and counter-terrorist financing regulations

AML Governance Model

BBVA has an adequate governance model in place for the prevention of money laundering and terrorist financing.

This model assigns roles and responsibilities throughout the entities structured around three lines of defense, in accordance with BBVA Group's Internal Control Model. The AML function is therefore not an exclusive task of the specialist technical units. Instead, the first line of defense is the first filter within the obliged entity and must hold a key role in managing this type of risk.