

AML/CTF COMPLIANCE PROGRAM

General

BBVA is a global financial group with presence in over 25 countries. The anti-money laundering and anti-terrorism environments in these jurisdictions vary¹. Therefore, the Global Compliance Department is responsible for developing group-wide policies, regarding the standardization of anti-money laundering and anti-terrorist policies and internal controls.

These policies and internal controls are designed to prevent the use of the institution by criminal elements for illicit purposes. The policies and internal controls contemplate "Know Your Customer", monitoring, employee training, suspicious activity and regulatory reporting, and independent testing programs.

The criteria used for developing the referenced policies were derived from international treaties of which the FATF countries are signatories, international guidelines and conventions of which the FATF countries or financial institutions from FATF countries were material contributors, laws and regulations of the FATF countries, and best practices in the international financial services industry.

Global Compliance: Orientation & Oversight

The corporate policies developed by Global Compliance must be submitted to the Board of Directors of BBVA, S.A. Upon approval of such policies by the Board, the same are distributed to the various subsidiaries and affiliates of BBVA for consideration by the local boards of directors. Once the respective local boards have endorsed the subject policies, the local senior management and compliance officers are responsible for ensuring that the subject policies are integrated into relevant policies and processes in a timely manner and for assessing the business unit's compliance with the same.

¹ The U.S. Department of State publishes annually the International Narcotics Control Strategy Report (INCSR). It describes the efforts of key countries to attack all aspects of the international drug trade and the most significant steps they have taken to improve their anti-money laundering/counter-terrorist financing (AML/CFT) regimes.

Additionally, Internal Audit is responsible for independently testing and verifying the implementation and compliance with the group-wide policies.

Moreover, the remaining rules and procedures are developed by the Corporate Compliance and subject to approval processes, distribution and application established in the entity.

The anti-money laundering and anti-terrorism program has been defined as a high priority by Global Compliance and is, therefore, subject to annual audits.

Know Your Customer Program

BBVA's group-wide KYC policy is designed to ensure that all clients are identified adequately, in addition to ascertain information regarding the client's occupation and economic activity. Certain clients who present an elevated risk profile such as international private banking clients and politically exposed persons (PEP's) are subject to an enhanced due diligence process. Senior management approval is required for establishing business relationships with PEP's.

The KYC policy, therefore, facilitates BBVA's effort to mitigate the risk inherent in money laundering and the financing of terrorist activities by ensuring that the institution has sufficient and accurate information regarding its clients.

Additionally, BBVA has developed a policy regarding the provision of correspondent banking activities that requires identification processes and customer knowledge applied based on the risk inherent in the home jurisdiction or other factors. In pursuance of this policy, BBVA does not offer correspondent banking facilities to "shell banks", neither "Payable-through".

Monitoring Program

BBVA addresses monitoring from the perspective of banking segments. The type of monitoring scrutiny, therefore, is a function of the perceived risk these segments represent to the institution

In general terms, the monitoring of client account activity is based on the identification of suspect activity, e.g. high number or amount of currency transactions, structuring of transactions, excessive amount of transactions, excessive number of accounts, concentration and disbursement of transactions, etcetera. International private banking clients, however, are subject to an enhanced monitoring process.

Following identification of unusual activity, BBVA has established procedures for: a) conduct investigations pursuant to established procedures to evaluate the entirety of the client's activity, in addition to document formally the matter; b) file appropriate regulatory reports; and c) make and implement decisions to maintain or terminate the financial relationship in accord with regulatory requirements and c) make and implement decisions to maintain or terminate the financial relationship in accord with regulatory requirements.

BBVA has implemented corporate screening and monitoring systems to ensure that no financial services or funds are made available to listed terrorists and/or sanctioned names notified by competent authorities. The systems screen the names of individuals or entities that attempt to establish a relationship with BBVA, as well as those of the customers, consumers, or other persons involved in their operations, against listed terrorists and/or sanctioned names. In the event BBVA detects that any of the parties above mentioned is included in the list of terrorists or sanctioned names, BBVA takes the necessary actions in accordance with internal policies and regulatory requirements, including reporting such individual or entity to the relevant authorities

Additionally, the corporate wire transfer monitoring policy establishes a centralized monitoring of wire transfer activity for the BBVA business units operating in different jurisdictions. Monitoring is oriented towards identifying unusual activities of wire transfers based on the frequency and amount of transfers

Employee training

BBVA management recognizes the importance of training and understands that the employees are the key elements in its fight against money laundering and terrorist financing.

Upon employment by the institution, all employees are trained in anti-money laundering and prevention of terrorist financing. Additionally, those employees with direct client contact, in addition to those employees working in the operational and internal control areas of the institution receive supplemental training on a periodic basis.

Similarly, those employees that work with the higher risk clients of the institutions receive additional specialized training.

I expect the foregoing summary of BBVA's anti-money laundering and anti-terrorist internal control environment illustrates the institution's commitment to the global cooperative efforts against money laundering and terrorist financing.

If you have additional comments or questions regarding the same, please contact us at your convenience.

Very truly yours,

BBVA, SA

Global AML Department

