

Summary of BBVA's policy for the prevention and management of conflicts of interest

1. Introduction

The EU Directive on Markets in Financial Instruments (MiFID) states that financial institutions carrying out investment activities must adopt a policy for the detection and management of conflicts of interest which may arise during the provision of any investment or ancillary service, or combination thereof, either between the financial institution itself and its Clients, or between one of its Clients and another of its Clients.

Therefore, and in order to prevent and manage any potential conflicts of interest that may arise from its activity in this field, the BBVA Group has adopted a **policy for the prevention and management of conflicts of interest** (the "policy"), the content of which is summarized in the following paragraphs.

2. Identifying conflicts of interest

The policy specifies, in a non-exhaustive way, and in accordance with the requirements provided under MiFID, certain situations of potential conflicts of interest which may give rise to an important risk of damage to the interests of one or more of BBVA's Clients.

These are some examples (non-exhaustive):

1. To give preference to the transmission or execution of orders of the Bank, another customer or employee, with respect to other specific customer order.
2. To use privileged information in favor of an employee of the Bank or third parties.
3. To multiply operations without apparent benefit for the customer.
4. Operate ahead of the given order of a client in the same sense as the order either on behalf of the entity or on behalf of the employee who knows such orders ("Front Running").
5. To receive an incentive from a person other than the client in relation to a service provided to the customer, in the form of money, goods or services (other than the commission or usual remuneration for that service).
6. To link the remuneration of an employee of the Bank to the benefits generated by the intermediation of orders.
7. Prioritize the interests of the personal investments of an employee of the Bank to those of the client.
8. To sell products issued or made by the Bank.
9. Inducement systems remunerative or not to promote the sale of own product.
10. When it comes to executing orders from several customers, to dispense unequal treatment that benefits certain clients over which the Bank has a particular interest vis-à-vis other clients.
11. To recommend to a client or invest on his account, products on which an employee of the bank has a particular interest (e.g commissions, incentives, or remuneration of the personnel) without checking that the asset best suits the characteristics, needs and objectives of the client. This assumption can be given for example in selecting the most beneficial class of an Investment Fund according to the client's personal circumstances.

12. To make recommendations for sale or purchase with the sole purpose of generating commissions for the purchase or sale of assets.
13. To receive from a person other than the client an incentive in relation to a service provided to the customer, in the form of money, goods or services (apart from the commission or usual remuneration for that service).
14. To receive an influence from other areas or third parties in issuing reports.

In the event of other situations occurring which are not specifically referred to in the policy, and which may give rise to a conflict of interest, a procedure has been drawn up whereby a BBVA employee can inform the appropriate person or department at BBVA, prior to the provision of a service or activity, of any situation that, in his or her opinion, may give rise to a conflict of interest, in order that appropriate measures can be taken to resolve the conflict.

3. Preventative measures and the management of conflicts of interest

In order to ensure that its employees who carry out activities which are susceptible to giving rise to a potential conflict of interest remain independent and objective, the BBVA Group has incorporated measures into its policy for the prevention and appropriate management of any such conflict.

Taking into consideration the nature and importance of a detected situation of potential conflict, the following measures can be highlighted:

- 3.1 General and specific guidelines prohibiting certain behaviour (such as divulging information about a Client's transactions to another Client) or giving the criteria for resolving such situations (for instance, the general principle of putting the interests of the Client first or the principle of fair allocation of orders).
- 3.2 Measures aimed at preventing any employee from influencing inappropriately the way any other employee or department carries out investment services or activities.
- 3.3 Measures aimed at preventing or controlling the simultaneous or consecutive involvement of an employee in several investment or ancillary services or activities, when such participation might damage a Client's interests.
- 3.4 Procedures and measures, specific to the case at hand, aimed at preventing or controlling damage to a Client's interests caused by the exchange of information between different persons or departments carrying out activities which bear an important conflicts of interest risk.
- 3.5 Specific measures for employees involved in the writing of investment research reports, aimed at guaranteeing the employees' autonomy and objectivity.

4. Procedures for solving other conflicts of interest

The diversity and the dynamic nature of the business activities carried out by the companies that form the BBVA Group make it very difficult to provide an answer in advance to all situations which might potentially give rise to conflicts of interest. The BBVA Group has therefore drawn up a specific procedure in order to try to resolve unforeseen conflicts of interest situations arising during the ordinary course of its business.

Finally, in the event that measures adopted by the BBVA Group for managing a specific conflict of interest are unable to guarantee, with reasonable confidence, that the risk of damage to a Client's interests will be prevented, the BBVA Group will disclose the general nature or the source of the relevant conflict to the Client before acting on its behalf, thereby allowing the Client to make its own decision in terms of what it considers to be the most suitable course of action in respect of the service being offered.