# BBVA

# U.S. 165(d) Tailored Resolution Plan

# Section I - Public Section

# 2018

This document includes forward-looking statements that may not reflect actual results. In some instances, the information contained in the 2018 Tailored Plan is derived from systems used for internal management purposes that are not subject to internal controls over financial reporting.

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## BBVA U.S. 165(d) Tailored Resolution Plan- Section I: Public Section



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# 1 Introduction

Banco Bilbao Vizcaya Argentaria, S.A. ("BBVA") is a foreign banking organization ("FBO") with operations in the United States (U.S.). BBVA is a "Covered Company" pursuant to the joint Resolution Plan Regulation of the Board of Governors of the Federal Reserve System (the "Federal Reserve") and the Federal Deposit Insurance Corporation ("FDIC"), codified at 12 CFR Part 243 and 12 CFR Part 381, respectively (collectively, the "165(d) Resolution Plan Regulations"). BBVA was approved by the Federal Reserve and FDIC to file a tailored 165(d) resolution plan for 2018 (the "2018 Tailored Plan").

The 2018 Tailored Plan describes a means by which BBVA believes it could achieve a rapid and orderly resolution of its material U.S. operations in a manner that would avoid serious adverse effects on financial stability in the U.S. The 165(d) Resolution Plan Regulations require public disclosure of certain information. This document constitutes the public section of the 2018 Tailored Plan and also includes financial information for Compass Bank (the "Bank"), which is BBVA's largest subsidiary in the U.S.

### Overview of BBVA

BBVA is organized under the laws of the Kingdom of Spain, has a significant market position in Spain, owns the largest financial institution in Mexico, has franchises in the U.S. and South America, has a banking position in Turkey, and operates an extensive global branch network.

BBVA has four strategic pillars: i) a diversified portfolio model with leading franchises, ii) a customer-centric business model, iii) a prudent management model, characterized by anticipation and global vision, and iv) a return model adjusted to principles of integrity, prudence and transparency, based on sound corporate governance. BBVA conducts its business through branches and offices located throughout Spain and abroad following a corporate structure based on a decentralized model where all its subsidiaries are independent in terms of funding, operations and business management.

BBVA's management structure involves consideration of Geographical Business Areas, including Spain, the U.S., Mexico, Turkey, South America, and Eurasia. The following table presents the total assets of BBVA's Geographical Business Areas as of December 31, 2017.

**Total Assets by Geographical Business Area as of December 31, 2017**

| Geographical Business Area | Millions of Euros as of December 31, 2017 | Percentage of Total Assets |
|---|---|---|
| Spain Banking Activity | 319,417 | 46% |
| Spain Non Core Real Estate | 9,714 | 1% |
| U.S. | 80,493 | 12% |
| Mexico | 89,344 | 13% |
| Turkey | 78,694 | 11% |
| South America | 74,636 | 11% |
| Rest of Eurasia | 17,265 | 3% |
| Corporate Center | 20,496 | 3% |
| Total Assets of BBVA | 690,059 | 100% |

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Spain Non Core Real Estate covers specialist management of loans to developers experiencing difficulties and real-estate assets primarily related to foreclosed assets. The Corporate Center contains items that have not been allocated to the Geographical Business Areas, including the following: costs of the head offices that have a corporate function; management of structural exchange rate positions; specific issues of equity instruments to ensure adequate management of BBVA's global solvency; investment portfolios for which management is not linked to customer relationships, such as industrial holdings; certain tax assets and liabilities; funds due to commitments with employees; and goodwill and other intangibles.

### Overview of BBVA’s U.S. Presence

BBVA has approximately 10,800 employees in the U.S. and its U.S. assets represent approximately 12% of total assets. BBVA wholly owns BBVA Compass Bancshares, Inc. ("Compass Bancshares" and on a consolidated basis, the "Company"), which is a U.S. bank holding company that has been designated as an Intermediate Holding Company ("IHC") and has elected to become a Financial Holding Company. BBVA's U.S. operations are primarily conducted through Compass Bancshares and its three wholly owned subsidiaries, which are described below.

- The Bank performs banking services customary for full service banks of similar size and character. The Bank's services primarily include receiving demand and time deposits, making personal and commercial loans, and furnishing personal and commercial checking accounts. The Bank comprised approximately 99% of the Company's total assets as of December 31, 2017.
- BBVA Securities Inc. ("BSI") is a registered broker-dealer that engages in investment banking and institutional sales of fixed income securities. As of December 31, 2017, BSI's total assets were less than 1% of the Company's total assets.
- BBVA Compass Payments, Inc. ("BBVA Payments"), through its U.S. subsidiaries, primarily engages in wholesale money transmission, retail money transmission and foreign exchange ("FX") services. As of December 31, 2017, BBVA Payments' consolidated assets are less than 1% of the Company's total assets.

Additionally, BBVA operates a branch in New York (the "New York Branch") and BBVA Bancomer, S.A. Mexico ("Bancomer"), which is wholly owned by BBVA, operates an agency in Houston (the "Houston Agency").

### BBVA’s Global Structure and Resolution Planning

The entry into force of Directive 2014/59/EU on January 1, 2015 has involved the establishment of a new European framework for the restructuring and resolution of credit institutions and investment firms, called the Single Resolution Mechanism, which has been fully operational since January 2016. Its mission is to ensure an orderly resolution of insolvent banks or banking groups, with the minimum impact on the real economy and public finances of the member states participating in the banking union. The Single Resolution Mechanism comprises two elements: the Single Resolution Board and the Single Resolution Fund. As a result, BBVA is subject, among others, to requirements for recovery and resolution planning, resolvability assessments and loss absorbing capacity requirements.

The corporate structure of BBVA is based on a decentralized business model where subsidiaries are substantially self-sufficient in terms of legal structure, governance, funding relations and operations, subject however to the corporate policies established for BBVA and overall oversight and control by the corporate areas. BBVA's resolution strategy has been defined by its resolution authority, the Single Resolution Board, as Multiple Point of Entry.

# 2 Material Entities

The 165(d) Resolution Plan Regulations define a Material Entity as “a subsidiary or foreign office of the Covered Company that is significant to the activities of a critical operation or core business line.” BBVA has identified the following Material Entities for the purposes of the 2018 Tailored Plan:

1. Compass Bancshares;
2. the Bank;
3. Compass Capital Markets, Inc. (“Compass Capital Markets”); and
4. Aplica Soluciones Tecnologicas ("Aplica").

### Compass Bancshares

Compass Bancshares is a Texas for-profit corporation formed to serve as a holding company for its three wholly owned subsidiaries (the Bank, BSI, and BBVA Payments). The principal role of Compass Bancshares is to supervise and coordinate the activities of its subsidiaries and to serve as a source of strength to those subsidiaries.

### Compass Bank

The Bank is BBVA's largest U.S. entity, which comprises approximately 99% of the Company's total assets as of December 31, 2017. The Bank's largest subsidiary is Compass Capital Markets, which is described below. The Bank's other subsidiaries are not material for purposes of the 2018 Tailored Plan.

### Compass Capital Markets

Compass Capital Markets is a wholly owned subsidiary of the Bank. Compass Capital Markets, through its subsidiaries, holds loans and investments and provides financial management services.

### Aplica

Aplica is located in Mexico and is wholly owned by BBVA. Aplica manages the Bank's core information technology ("IT") system, Alnova. Aplica was designated a Material Entity because it provides critical services that are significant to the lines of business.

# 3 Core Business Lines

As of December 31, 2017, BBVA had the following three lines of business in the U.S., all of which have been designated as core business lines ("Business Lines") for the 2018 Tailored Plan.

1. Commercial Banking and Wealth Management ("Commercial and Wealth");
2. Retail Banking ("Retail"); and
3. Corporate and Investment Banking ("CIB").

The Bank is the primary Material Entity associated with the Business Lines. Additionally, a portion of Commercial and Wealth's commercial loan portfolio is associated with Compass Capital Markets.

Commercial and Wealth serves the Bank's commercial customers through a wide array of banking and investment services to businesses in the Bank's markets. Commercial and Wealth also provides private banking and wealth management services to high net worth individuals, including specialized investment portfolio management, traditional credit products, traditional trust and estate services, investment advisory services, financial counseling and customized services to companies and their employees. Commercial and Wealth supports its commercial customers with capabilities in treasury management, accounts receivable purchasing, asset-based lending, international services, insurance and interest rate protection, and investment products. Commercial and Wealth is also responsible for the Bank's small business customers.

Retail serves the Bank's consumer and micro business customers. Retail provides consumers with products and services including home mortgages, credit and debit cards, deposit accounts, personal loans, and investment services. Retail serves the Bank's consumer customers through its full-service banking centers and through the use of alternative delivery channels such as the digital platform, mobile devices, and expert direct sales force.

CIB is a full-service provider of products and services catering to three main groups of clients: i) Energy, ii) U.S. Global Corporates, and iii) Institutional Investors. CIB's mission is to evolve into a high growth and highly profitable business through capital optimization, fee generation, process improvement, and the optimization of its relationships with the Bank's and BBVA's networks.

# 4 Summary Financial Information Regarding Assets, Liabilities, Capital and Funding

The following table presents BBVA's consolidated Financial Highlights as of and for the year ended December 31, 2017.

**BBVA's Consolidated Financial Highlights**

| BBVA's Consolidated Financial Highlights | As of and for the Year Ended December 31, 2017 |
|---|---|
| Balance sheet | (Millions of Euros) |
| Total assets | 690,059 |
| Loans and advances to customers (gross) | 400,369 |
| Deposits from customers | 376,379 |
| Other customer funds | 134,906 |
| Total customer funds | 511,285 |
| Total equity | 53,323 |
| Income statement | (Millions of Euros) |
| Net interest income | 17,758 |
| Gross income | 25,270 |
| Operating income | 12,770 |
| Profit/(loss) before tax | 6,931 |
| Net attributable profit | 3,519 |
| Share and share performance ratios | |
| Number of shares (millions) | 6,668 |
| Share price (Euros) | 7.11 |
| Earnings per share (Euros) | 0.48 |
| Book value per share (Euros) | 6.96 |
| Tangible book value per share (Euros) | 5.69 |
| Market capitalization (millions of Euros) | 47,422 |
| Yield (dividend/price) | 4.20% |
| Significant ratios | (%) |
| ROE (net attributable profit/average shareholders' funds) | 6.40% |
| ROTE (net attributable profit/average shareholders' funds excluding intangible assets) | 7.70% |
| ROA (profit or loss for the year/average total assets) | 0.68% |
| RORWA (profit or loss for the year/average risk-weighted assets) | 1.27% |
| Efficiency ratio | 49.50% |
| Cost of risk | 0.87% |
| NPL ratio | 4.40% |
| NPL coverage ratio | 65.00% |
| Capital adequacy ratios | (%) |
| CET1 fully-loaded | 11.10% |
| CET1 phase-in | 11.70% |
| Tier 1 phase-in | 13.00% |
| Total ratio phase-in | 15.40% |
| Other information | |
| Number of shareholders | 891,453 |
| Number of employees | 131,856 |
| Number of branches | 8,271 |
| Number of ATMs | 31,688 |

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The following table presents BBVA's consolidated balance sheet as of December 31, 2017, prepared in accordance with International Financial Reporting Standards.

**BBVA's Consolidated Balance Sheet**

| BBVA's Consolidated Balance Sheet | As of December 31, 2017 (Millions of Euros) |
|---|---|
| | |
| Cash, cash balances at central banks and other demand deposits | 42,680 |
| Financial assets held for trading | 64,695 |
| Other financial assets designated at fair value through profit or loss | 2,709 |
| Available-for-sale financial assets | 69,476 |
| Loans and receivables | 431,521 |
| Loans and advances to central banks and credit institutions | 33,561 |
| Loans and advances to customers | 387,621 |
| Debt securities | 10,339 |
| Held-to-maturity investments | 13,754 |
| Investments in subsidiaries, joint ventures and associates | 1,588 |
| Tangible assets | 7,191 |
| Intangible assets | 8,464 |
| Other assets | 47,981 |
| Total Assets | 690,059 |
| | |
| Financial liabilities held for trading | 46,182 |
| Other financial liabilities designated at fair value through profit or loss | 2,222 |
| Financial liabilities at amortized cost | 543,714 |
| Deposits from central banks and credit institutions | 91,570 |
| Deposits from customers | 376,379 |
| Debt certificates | 63,915 |
| Other financial liabilities | 11,850 |
| Liabilities under insurance contracts | 9,223 |
| Other liabilities | 35,395 |
| Total Liabilities | 636,736 |
| Non-controlling interests | 6,979 |
| Accumulated other comprehensive income | (8,792) |
| Shareholders' funds | 55,136 |
| Total Equity | 53,323 |
| Total Liabilities and Shareholder’s Equity | 690,059 |

The following table summarizes the consolidated balance sheet of the Bank as of December 31, 2017, prepared in accordance with U.S. Generally Accepted Accounting Principles.

**Compass Bank's Consolidated Balance Sheet**

| Compass Bank's Consolidated Balance Sheet | As of December 31, 2017 (Thousands of U.S. Dollars) |
|---|---|
| | |
| Cash and balances due from depository institutions | 3,907,405 |
| Federal funds sold and securities purchased under agreements to resell | 29,905 |
| Trading assets | 215,914 |
| Investment securities held-to-maturity | 1,046,093 |
| Investment securities available-for-sale | 12,023,750 |
| Loans and leases held for sale | 67,110 |
| Loans and leases held for investment | 61,623,768 |
| Allowance for loan and lease losses | 842,760 |
| Loans and leases held for investment, net of allowance | 60,781,008 |
| Premises and fixed assets (including capitalized leases) | 872,825 |
| Goodwill | 4,983,296 |
| Other intangible assets | 54,701 |
| Other real estate owned | 17,278 |
| Other assets | 2,505,558 |
| Total assets | 86,504,843 |
| | |
| Noninterest-bearing deposits | 21,868,152 |
| Interest-bearing deposits | 47,727,961 |
| Total Deposits | 69,596,113 |
| Federal funds purchased and securities sold under agreements to repurchase | 1,710 |
| Federal Home Loan Bank and other borrowed funds | 2,962,310 |
| Subordinated notes and debentures | 997,620 |
| Other liabilities | 825,995 |
| Total liabilities | 74,383,748 |
| Common stock | 1,011 |
| Surplus | 14,300,832 |
| Retained earnings | (2,012,911) |
| Accumulated other comprehensive income | (196,684) |
| Noncontrolling interests in consolidated subsidiaries | 28,847 |
| Total equity | 12,121,095 |
| Total liabilities and equity | 86,504,843 |

**Capital**

*BBVA*

The aim of capital management for BBVA is essentially focused on maintaining an optimum capital provision, complying with the regulatory requirements and anticipating both ordinary and extraordinary consumptions, and to foster an efficient available capital allocation. Every component must lead to proactive management of capital to make the business more profitable and avoid situations that could adversely affect BBVA or its subsidiaries. This applies at the corporate level and in each Geographical Business Area.

Capital management at BBVA aims to achieve the following:

- Fulfill capital requirements established in solvency regulations in force;
- Provide a sufficient management buffer to tackle moderate capital shocks;
- Attain a sufficient solvency level to optimize the BBVA financing cost;
- Maximize profitability for shareholders, through optimal capital allocation; and
- Ensure sound business development and fulfillment of business growth expectations.

The capital management function is guided by the following general principles:

- The units involved must adhere to the regulatory framework applicable and to the internal capital regulations and corporate policies in force at any time. They are also responsible for proposing and bringing/maintaining capital to/at the target level.
- The various individuals and committees must ensure that information on capital monitoring is transmitted in good time, in the right format and with the regularity stipulated, to decision-making bodies, and to corporate governing bodies as established.
- There must be a suitable structure of committees and working groups to enable decisions to be taken dynamically within BBVA. This structure may be modified in accordance with developments in BBVA's needs.
- BBVA must carry out regular monitoring of its capital position, in all its dimensions, governed by order and discipline, and of the comparisons with respect to budgets, targets and regulatory limits. Information concerning BBVA's capital position must be backed up by solid calculations of capital requirements, borne out by sufficiently conservative assumptions and in keeping with the regulations in force at any time. BBVA will deploy its internal capital model along with regulatory metrics.
- Capital planning must meet BBVA's requirements, ensuring that the best possible management information is used at all times. Projections must include the progress of capital position in the medium term, not only in a management baseline scenario but also in adverse and very adverse management scenarios, to gain insight into the ability of BBVA's capital to withstand stress. Capital management, therefore, must take on board the conclusions of planning, including any conclusions drawn in this report and in the recovery plan.
- On the basis of BBVA's strategic plans and any other information available, the entity must determine the most appropriate capital target to optimize financial costs and maximize shareholder returns without compromising either regulatory compliance or the independence of BBVA's management. Capital management must therefore also be integrated in the Risk Appetite Framework, which in turn must include capital targets and metrics.
- BBVA must have a system of capital management alerts to deploy sufficient processes in order to correct any deviations observed. These processes may form part of the bank's day-to-day management systems, or may require the approval of BBVA's Board of Directors.
- Every component must lead to prospective capital management to make the business profitable and prevent any difficult situations for the bank.

The corporate structure of BBVA, which operates mainly through subsidiaries in different jurisdictions, is a management model that is self-sufficient in terms of the capital and liquidity of its investees, which are subject to local banking regulations and consolidated within BBVA. The Multiple Point of Entry resolution strategy model demonstrated its strength in the recent financial crisis. However, the corporate center guarantees the control and coordination of subsidiaries, to enable them to:

- Ensure compliance with regulations in force;
- Incorporate BBVA's capital management principles into their local capital management, and create a structure of capital governance that reflects BBVA;
- Include corporate capital management units in their forums for debate and decisions concerning the use of capital;
- Optimize the use of capital and distributions of dividends to BBVA;
- Provide the corporate center with sufficient management information to gain appropriate insight into the subsidiary's capital position;
- Align their capital adequacy assessment processes and local recovery plans with BBVA's processes, respecting their local specificities; and
- Draw up a periodic report with a prospective view of their capital position in governance committees and working groups.

**BBVA's Capital Composition and Measures**

| Capital Measure (BIS III phased-in) | As of December 31, 2017 (Millions of Euros) |
|---|---|
| Common Equity Tier 1 (CET1) | 42,337 |
| Tier 1 | 46,977 |
| Tier 2 | 8,798 |
| Total Capital | 55,775 |
| Risk-weighted assets | 361,686 |
| CET1 | 11.70% |
| Tier 1 | 13.00% |
| Total Capital ratio | 15.40% |

*Compass Bank*

The Bank manages its capital position on the premise that it is prudent to maintain capital levels well in excess of regulatory minimums. Capital management activities for the Bank are centrally managed by the Capital Planning Department. The Capital Planning Department is responsible for assessing capital adequacy in relation to the risk profile and risk appetite, ensuring capital levels support the Bank’s risk profile, and monitoring current and projected capital levels. The following table summarizes the Bank’s regulatory capital ratios compared to the regulatory requirements as of December 31, 2017.

**Compass Bank Regulatory Capital Ratios and Regulatory Requirements**

| Capital ratio | Bank Ratios as of December 31, 2017 | Well-capitalized Levels | Regulatory Minimum |
|---|---|---|---|
| Common equity tier 1 | 10.88% | 6.50% | 4.50% |
| Tier 1 capital | 10.89% | 8.00% | 6.00% |
| Total capital | 13.43% | 10.00% | 8.00% |
| Tier 1 leverage | 9.10% | 5.00% | 4.00% |

## Funding Sources

*BBVA*

BBVA has continued with its sound structural liquidity position, supported by the strengths and proactive management of its balance sheet. The Finance Division, through Asset/Liability Management-Balance Sheet Management unit, manages BBVA's liquidity and funding. It monitors the structural gap of each Liquidity Management Unit, plans and coordinates the execution of the long-term funding, and proposes to Asset/Liability Committee the actions to adopt in this regard in accordance with the policies, procedures and limits established in the framework set by the corporate bodies.

BBVA has maintained its objective of strengthening the funding structure of the different BBVA entities based on growing their self-funding from stable customer funds, while guaranteeing a sufficient buffer of fully available high quality liquid assets, diversifying the various sources of funding available, and optimizing the generation of collateral available for dealing with stress situations in the markets.

BBVA has continued to strengthen its medium-term liquidity strategy, based on the following principles that govern liquidity and funding management:

- Financial self-sufficiency of subsidiaries;
- Stable customer deposits as the main source of funding; and
- Diversification of wholesale funding sources and market access.

*Compass Bank*

Funding and liquidity for the Bank is managed independently of other BBVA businesses and the Bank does not rely on BBVA or its affiliates for funding. The primary source of funding for the Bank is deposits, the large majority of which are consumer deposits. The Bank's Treasury Department may seek supplemental funding, including deposits, from wholesale sources. While considerably smaller, the Bank also uses funding from Federal Home Loan Bank ("FHLB") borrowings and occasionally from repurchase agreements with customers. Additional sources of funding to which the Bank maintains access include brokered deposits, U.S. Treasury programs, and Federal Reserve Bank programs, and a Bank Note Program for senior or subordinated debt.

# 5 Derivative and Hedging Activities

Derivatives are not a critical component of BBVA's business in the U.S., but the Bank utilizes derivatives in certain instances as discussed below.The Bank uses derivative instruments to manage the risk of earnings fluctuations caused by interest rate volatility. For those financial instruments that qualify and are designated as a hedging relationship, either a fair value hedge or cash flow hedge, the effect of interest rate movements on the hedged assets or liabilities will generally be offset by the derivative instrument.

### Fair Value Hedges

The Bank enters into fair value hedging relationships using interest rate swaps to mitigate the Bank’s exposure to losses in value as interest rates change. Derivative instruments that are used as part of the Bank’s interest rate risk management strategy include interest rate swaps that relate to the pricing of specific balance sheet assets and liabilities. Interest rate swaps generally involve the exchange of fixed and variable rate interest payments between two parties, based on a common notional principal amount and maturity date. Interest rate swaps are used to convert the Bank’s fixed rate long-term debt to a variable rate. The critical terms of the interest rate swaps match the terms of the corresponding hedged items. All components of each derivative instrument’s gain or loss are included in the assessment of hedge effectiveness.

### Cash Flow Hedges

The Bank enters into cash flow hedging relationships using interest rate swaps and options, such as caps and floors, to mitigate exposure to the variability in future cash flows or other forecasted transactions associated with its floating rate assets and liabilities. The Bank uses interest rate swaps and options to hedge the repricing characteristics of its floating rate commercial loans and FHLB advances. The Bank also uses foreign currency forward contracts to hedge its exposure to fluctuations in foreign currency exchange rates due to a portion of the money transfer expense being denominated in foreign currency. All components of each derivative instrument’s gain or loss are included in the assessment of hedge effectiveness. The initial assessment of expected hedge effectiveness is based on regression analysis. The ongoing periodic measures of hedge ineffectiveness are based on the expected change in cash flows of the hedged item caused by changes in the benchmark interest rate.

### Derivatives Not Designated as Hedges

Derivatives not designated as hedges include those that are entered into as either economic hedges as part of the Bank’s overall risk management strategy or to facilitate client needs. Economic hedges are those that are not designated as a fair value hedge, cash flow hedge or foreign currency hedge for accounting purposes, but are necessary to economically manage the risk exposure associated with the assets and liabilities of the Bank. The Bank also enters into a variety of interest rate contracts and foreign exchange contracts in its trading activities. The primary purpose for using these derivative instruments in the trading account is to facilitate customer transactions. The trading interest rate contract portfolio is actively managed and hedged with similar products to limit market value risk of the portfolio. Changes in the estimated fair value of contracts in the trading account along with the related interest settlements on the contracts are recorded in noninterest income as corporate and correspondent investment sales in the Bank’s consolidated income statement.

# 6 Memberships in Payment, Clearing, and Settlement Systems

The Bank and the Business Lines utilize Depository Trust and Clearing Corporation ("DTCC"), Fed Automated Clearing House ("Fed ACH"), Fedwire, and Society for Worldwide Interbank Financial Telecommunication ("SWIFT") for payment, clearing, and settlement activities. The Bank's memberships in payment, clearing and settlement systems are summarized in the following table.

**Memberships in Payment, Clearing and Settlement Systems**

| Financial Market Utilities | Service Description | Material Entity | Business Line |
|---|---|---|---|
| DTCC* | Clearing Corporation | Bank | All Business Lines |
| Fed ACH | Federal Reserve Automated Clearing House | Bank | All Business Lines |
| Fedwire | Wire transfer processing | Bank | All Business Lines |
| SWIFT | International wire transfer | Bank | All Business Lines |

* Includes its subsidiaries, National Securities Clearing Corporation and Fixed Income Clearing Corporation

# 7 Description of Foreign Operations

BBVA operates in over 30 countries and employs over 131,000 employees worldwide. BBVA's multinational presence follows a corporate structure based on a decentralized model where all its subsidiaries are independent in terms of funding, operations and business management. In addition, corporate support functions ensure the coordination of the different franchises by defining common corporate policies and procedures.

As of December 31, 2017, the Bank's structure does not include any subsidiaries or branches located or based outside of the U.S. As discussed in Section 2, Aplica is located in Mexico.

# 8 Material Supervisory Authorities

BBVA, as a significant institution, is directly supervised by the European Central Bank ("ECB") under the Single Supervisory Mechanism. The Single Supervisory Mechanism refers to the system of banking supervision in Europe. It comprises the ECB and the national supervisory authorities of the participating countries (e.g. Bank of Spain).

In addition, BBVA's resolution authority is the Single Resolution Board. BBVA has a Resolution College comprised of regulators from jurisdictions where BBVA has a significant presence including, among others: the Single Resolution Board, the Bank of Spain, the Fund for Orderly Bank Restructuring in Spain, the National Commission for Banking and Securities in Mexico, the Institute for Protection of Bank Savings in Mexico, the Bank of Mexico, the Federal Reserve and the FDIC.

BBVA is subject to laws and regulations that are required in order to conduct banking and financial services in each country of incorporation. The requirements are defined on a jurisdictional basis by the government, central bank, regulatory authorities or other bodies as applicable.

The Bank is an Alabama banking corporation with a banking charter issued by the Alabama State Banking Department and is a member of the Federal Reserve System. The Bank is primarily regulated, supervised and examined by the Alabama State Banking Department and the Federal Reserve Bank of Atlanta. The Bank is also supervised by the Consumer Financial Protection Bureau and complies with regulations issued by the Commodities Futures Trading Commission. The Bank is a member of the FHLB system and maintains insurance on customer deposits with the FDIC. Compass Bancshares is primarily regulated by the Federal Reserve Bank of Atlanta.

# 9 Principal Officers

*BBVA*

The following table identifies BBVA's principal officers as of December 31, 2017.

| Name | Title |
|---|---|
| Francisco Gonzalez | Executive Chairman |
| Carlos Torres Vila | Chief Executive Officer ("CEO") |
| Juan Asua | Global Head of CIB |
| Jorge Saenz-Azcunaga | Country Monitoring |
| Cristina de Parias | Country Manager Spain |
| Eduardo Osuna | Country Manager Mexico |
| Onur Genc | Country Manager U.S. |
| Fuat Erbil | Country Manager Turkey |
| Derek White | Director Customer & Client Solutions |
| Ricardo Forcano | Director of Talent & Culture |
| Ricardo Moreno | Global Head of Engineering |
| David Puente | Global Head of Data |
| Jaime Saenz de Tejada | Global Head of Finance |
| Rafael Salinas | Head of Global Risk Management |
| Jose Manuel Gonzalez-Paramo | Global Head of Economics, Regulation & Public Affairs |
| Eduardo Arbizu | Global Head of Legal & Compliance |
| Javier Rodriguez Soler | Global Head of Strategy and Mergers & Acquisitions |
| Ricardo Gomez Barredo | Director Accounting & Supervisors |
| Paul G. Tobin | Director of Communications |
| Domingo Armengol | Global General Secretary |
| Jose Luis De los Santos | Global Head of Internal Audit |

*Compass Bank*

The following table identifies the Bank's Management Committee as of December 31, 2017.

| Name | Title |
|---|---|
| Onur Genc | President and CEO |
| Rafael Bustillo | Chief Operating Officer |
| Kirk Pressley | Chief Financial Officer ("CFO") |
| Javier Hernández | Chief Risk Officer |
| Jorge Ortiz | Chief Information Officer |
| Shane Clanton | General Counsel |
| Rosilyn Houston | Chief Talent and Culture Executive |
| Cagri Suzer | Head of Retail Banking |
| Pepe Olalla Hevia | Head of Business Development |
| Michael Adler | Head of CIB U.S.A. |
| Alvaro Aguilar* | Head of Office of the CEO and Director of Strategic Planning and Business Coordination |
| Luis De La Fuente* | Chief Audit Executive |

* Permanent nonvoting members

## 10 Resolution Planning Corporate Governance Structure and Related Processes

BBVA's Board of Directors is ultimately responsible for the governance of BBVA and its operations worldwide. In order for BBVA's Board of Directors to carry out its responsibilities, authority is delegated to committees of the BBVA Board of Directors, in addition to boards, committees and senior management of its various regions, divisions and operating entities throughout BBVA.

The U.S. CFO, in coordination with BBVA's Office of Recovery and Resolution Planning, is the C-Suite executive who is ultimately responsible and accountable for the development, maintenance, implementation, and filing of the 2018 Tailored Plan. The Director of Capital Planning reports to the CFO. The Director of Capital Planning, Capital Planning Managers, and Capital Planning Analyst make up the Core Team. The Core Team is responsible for coordinating the preparation and review of the 2018 Tailored Plan. Resolution Planning is integrated into the Company's existing governance structure. The 2018 Tailored Plan was approved by the Capital Planning Committee, Risk Committee of the Board of Directors, and the BBVA U.S. Country Manager through authority delegated by BBVA's Board of Directors.

## 11 Description of Material Management Information Systems

BBVA's U.S. operations rely on certain management information systems and reporting to monitor the key financial, operational, and risk-related aspects of its Material Entities and Business Lines. BBVA has processes and controls in place to ensure the integrity of data maintained and reports generated by these systems. The Bank maintains a Business Continuity Plan for its business operations, applications, and systems to ensure continuity of operations in the event of a business interruption.

## 12 Summary of Resolution Strategies

BBVA's proposed resolution strategies ("Resolution Strategies") have not changed from the 2015 Tailored Plan. BBVA prepared strategic analyses consisting of resolution strategies for its Material Entities and Business Lines. The strategic analyses were developed under the assumptions required by the the Federal Reserve and FDIC. By incorporating these assumptions, BBVA is not representing or warranting that the assumed events would happen or would happen in a particular order.

The Resolution Strategies demonstrate how BBVA's U.S. operations could be resolved in a rapid and orderly manner that would not create serious adverse effects on the financial stability of the U.S. and that would otherwise meet the requirements of the 165(d) Resolution Plan Regulations. The strategies to resolve BBVA's U.S. operations and the Business Lines would be organized around the resolution of its Material Entities.

The Bank would be resolved under the Federal Deposit Insurance Act by the FDIC, following its appointment as Receiver. The Bank would likely be resolved by sale of substantially all assets and assumption of substantially all liabilities to a single third-party ("Whole Bank Sale") during the weekend following the FDIC's appointment as Receiver ("Resolution Weekend"). If the Whole Bank Sale were not to occur during Resolution Weekend, the following alternative resolution approaches would be considered:

- Whole Bank Sale occurring within several months after the FDIC's appointment as Receiver;
- Multiple Acquirer Strategy that would include establishing and operating a Bridge Bank, selling assets to several third-party acquirers, and an initial public offering of any remaining assets, liabilities and operations; and liquidation which assumes the suspension of all business activities and the liquidation of all assets through a combination of asset sales and run-off.

Compass Capital Markets is assumed to be resolved with the Bank as discussed above. Compass Bancshares would be resolved under Chapter 11 of the U.S. Bankruptcy Code.