

Governance

04

The **Governance system of Grupo BBVA México** is key for the ethical operation and integration of sustainability within the entire organization based on **institutional principles** and applicable regulations. Said system is based on a solid corporate governance structure, the management of both financial and non-financial risks, the regulatory compliance system and the integrity program focused on the prevention of bad business practices.



Corporate Governance

GRI 102-18, 102-19, 102-20, 102-21, 102-22, 102-23, 102-24, 102-25, 102-26, 102-29, 102-30, 102-31, 102-32, 102-33, 102-35 and 102-36

The corporate governance structure of Grupo BBVA México is essential for the ethical and efficient operation of the organization. This is governed by a set of values, principles and standards that generate trust and transparency in communication with its stakeholders, provide the best banking solutions for its clients and provide optimal working conditions for the development of its collaborators.

The corporate governance system has the following principles and characteristics to achieve its goals:

Adequate composition of its governing bodies.

Clear distribution of functions between the Board of Directors, its Committees and Senior Management.

Solid decision-making process and a robust informational model.

System for monitoring, supervision and control of the management of BBVA Bancomer, Institución de Banca Múltiple, Grupo BBVA México.

The **Board of Directors** is the body in charge of the management of the Institution, and its members are appointed by the General Ordinary Shareholders' Meeting. It is responsible for approving goals, guidelines and policies in matters of credit origination and servicing, which must be consistent with, compatible with and complementary to those established for Comprehensive Risk Management. It also appoints the Committees and officers of the Institution responsible for preparing said goals, guidelines and policies. Additionally, the Board knows and, if appropriate, approves, the proposal of the Audit Committee, the goals of the internal control system and the guidelines for its implementation.

The **General Ordinary Shareholders' Meeting** is in charge of evaluating the performance of the Board through approval of the Board's Annual Report, audited financial statements and ratification of Board members.



Corporate Structure of
Grupo BBVA México

**Grupo Financiero BBVA
Bancomer, S.A. de C.V.**

Seguros BBVA Bancomer,
S.A. de C.V.
99.99%

BBVA Bancomer, S.A.
99.99%

Casa de Bolsa BBVA
Bancomer, S.A. de C.V.
99.99%

BBVA Bancomer
Gestión, S.A. de C.V.
99.99%

BBVA Bancomer
Seguros Salud, S.A. de C.V.
83.5%

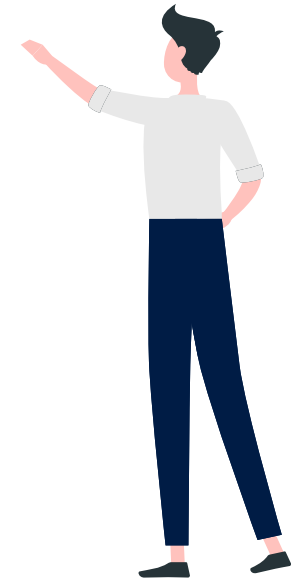
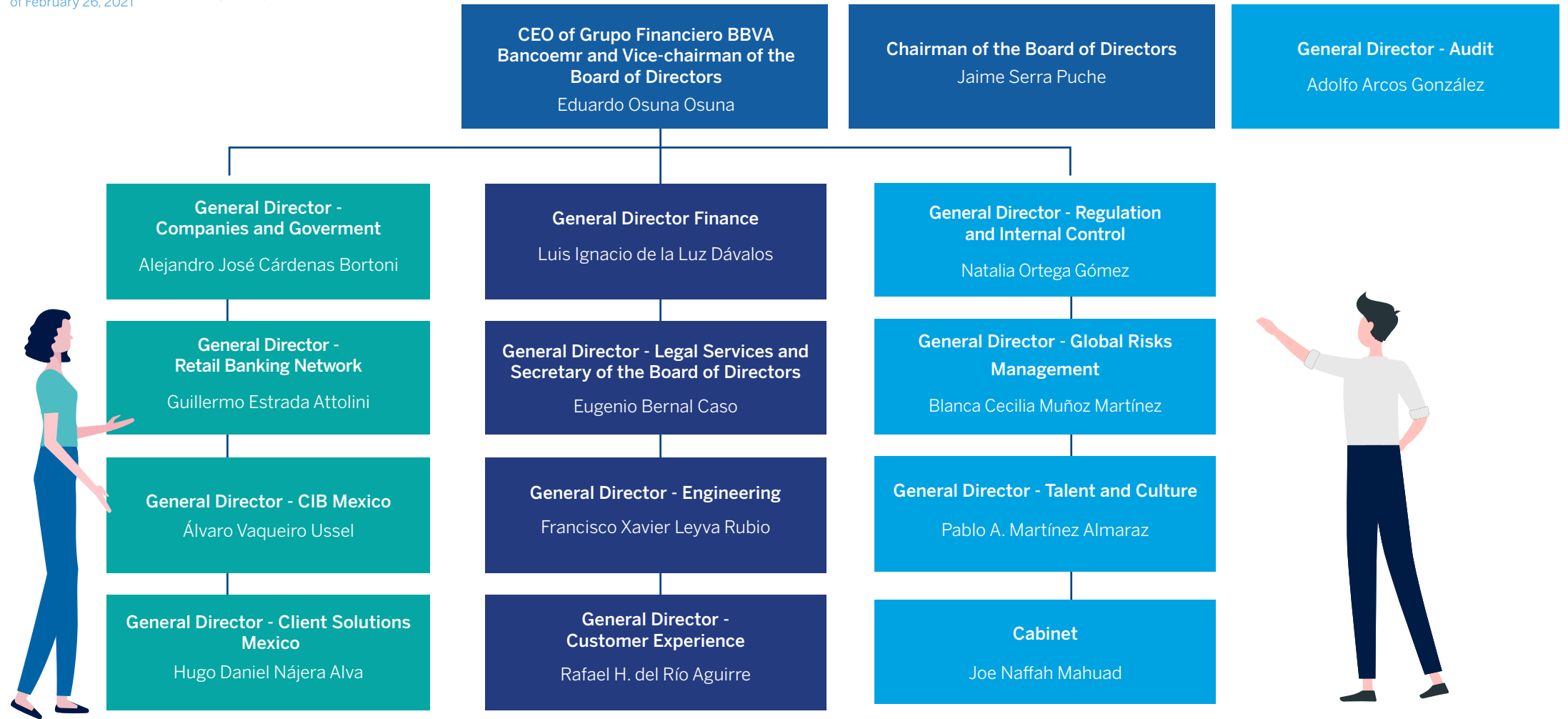
BBVA Bancomer
Operadora, S.A. de C.V.
99.99%

BBVA Bancomer Servicios
Administrativos, S.A. de C.V.
99.99%

Pensiones BBVA
Bancomer, S.A. de C.V.
51%

Management

Management structure as of February 26, 2021

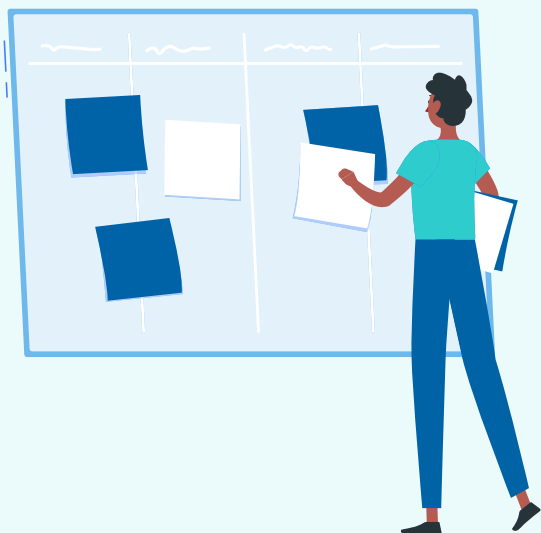


Members of the Board of Directors of BBVA Bancomer

The General Ordinary Shareholders' Meeting of BBVA Bancomer is the corporate body entrusted with the appointment of the individuals who will serve as members of the Institution's Board of Directors based on the process and requirements provided by the applicable law and in chapter V, Article 25 of the Institution's bylaws.

In turn, the members of the Board of Directors have the power to designate the individuals who will be members of the different Committees.

The Board of Directors establishes the mechanisms to be followed by the relevant officers, to keep the Institution informed of the financial, administrative, operational and legal condition of each of the financial entities and other legal entities controlled by the Institution.



Directors

Membership and information as of February 26, 2021.

Members

Jaime Serra Puche

- Independent
- Chairman of the Board
- Seniority: 14 years

Eduardo Osuna Osuna

- Vice-chairman of the Board
- Seniority: 5 years

Onur Genc

- Seniority: 2 years

Carlos Torres Vila

- Seniority: 4 years

Vicente María Rodero Rodero

- Seniority: 8 years

Carlos Vicente Salazar Lomelín

- Independent
- Seniority: 16 years

Ricardo Guajardo Touché

- Independent
- Seniority: 29 years

Jorge Saenz-Azcunaga Carranza

- Seniority: 4 years

Cristina de Parías Halcón

- Seniority: less than one year

Alternates

Andrés Alejandro Aymes Blanchet

- Independent
- Seniority: 20 years

Armando Garza Sada

- Seniority: 2 years

Juan Asúa Madariaga

- Seniority: 2 years

Fernando Gerardo Chico Pardo

- Seniority: 11 years

Eduardo Javier Garza Fernández

- Seniority: 2 years

Arturo Manuel Fernández Pérez

- Independent
- Seniority: 27 years

José Francisco Gil Díaz

- Independent
- Seniority: 10 years

Enrique de Jesús Zambrano Benítez

- Seniority: less than one year

Alejandro Ramírez Magaña

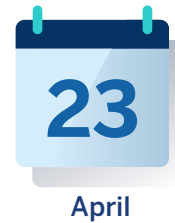
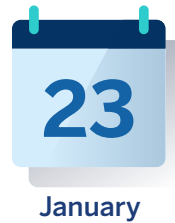
- Seniority: 7 years

Meetings of the Board

Meetings are held periodically on a quarterly basis and if called by the Chairman, Secretary, Assistant Secretary, one of the Institution's Statutory Examiners or at least a quarter of the directors. To carry out the meeting, a minimum attendance of 51% of the members is required and at least one must be Independent.

2020 Calendar

During 2020, seven Board meetings were held on the following dates:



Remuneration

In 2020, for their attendance at each meeting of the Board of Directors of BBVA Bancomer, the directors of the Institution receive the amount resulting from multiplying the price of two coins of fifty pesos gold, the so-called "Centenario" by 1.53846, to residents in Mexico or 1,3333 for residents abroad, as remuneration for the performance of their duties.

Additionally, sustainability is integrated into the BBVA Group's remuneration system for the Chairman and CEO, since it is carried out by an independent third party through an index based on the results of the analysis of the main sustainability agencies. On the other hand, to meet the new strategic priority, the definition of sustainability indicators to include within the remuneration of the rest of the collaborators is in process.



Regional boards



Northwest

Baja California
Chihuahua
Ciudad Juárez
Sinaloa
Sonora



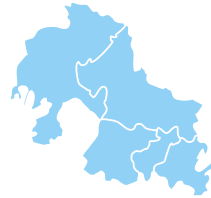
Northeast

Tamaulipas
La Laguna
Nuevo León



West

Colima
Jalisco
Michoacán
Nayarit



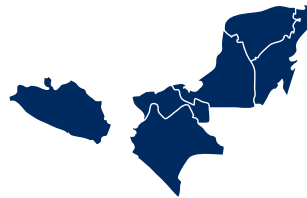
Bajío

Guanajuato
Aguascalientes
San Luis Potosí
Querétaro
Hidalgo



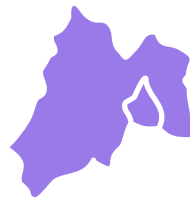
South

Morelos
Puebla
Oaxaca
Veracruz



Southeast

Chiapas
Peninsular
Guerrero
Quintana Roo
Tabasco



Metropolitan Area

Toluca
Metro Area

530 great leaders

make up the Regional Boards;
501 men and 29 women.

The Regional Boards not delegated to the Board are a fundamental pillar in the performance and growth of Grupo BBVA México. Currently, they are made up of 530 great leaders in charge of actively promoting the Institution with the aim of creating a forum to:

- Obtain feedback on local banking activity, service levels, and business culture
- Business referencing
- Generate links between Grupo BBVA México officers and the community and local authorities
- Actively participate with Fundación BBVA México

Each Board is made up of the following:

- Minimum 10 members depending on the size of the region
- The Secretary or Coordinator of the Board is the BBVA Bancomer officer designated to coordinate the Board of each region
- Remuneration only applies to Chairmen and Vice-chairmen

2020 regional boards calendar

During 2020 the following meetings were held in person:

- Chairmen Meeting: January 29
- First local meetings: February and March

Subsequently, due to the health emergency derived from COVID-19, the following meetings were held virtually:

- Chairmen Meeting: August 26
- First Regional Board Members Webcast: April 13
- National Board Members Meeting: October 21
- Second local meetings: October and November

Sustainability governance

The Global Sustainability Office (GSO) coordinates the management of sustainability issues together with various working groups created specifically for the management of ESG matters. These working groups continuously monitor the indicators to report to the CEO on a monthly basis the progress of their actions.

Additionally, the GSO prepares and periodically updates the necessary documentation, such as the Sustainability Policy with the support of various areas within the Institution, such as Corporate & Investment Banking (CIB) for the execution of the policy and adoption of corrective measures if necessary or the non-financial risk specialists to identify potential risks within their specialty.

In addition, the Board of Directors, as the Institution's highest surveillance body, is in charge of verifying the application of and compliance with the Sustainability Policy.

The CEO is actively involved in the evaluation and monitoring of the Corporate Responsibility strategies and projects and the Reputation activities within and outside the Institution in order to identify and manage economic, environmental and social risks that could materialize.



Risk management

GRI 102-15, 102-30

Grupo BBVA México has a General Risk Management, which reports directly to the Institution's CEO, thus guaranteeing its independence from the Business Units and allowing the necessary autonomy for the development of its activities.

Similarly, based on the best national and international practices, three teams specialized in Credit Risk are in place and are supported by an area dedicated to the management of Non-Financial Assets (NFA):



On the other hand, management of Market, Structural and Liquidity Risks are integrated into a Unit including the risk management of non-banking businesses and asset management.

Additionally, the following units are support to the units mentioned above:



Advanced Analytics: meets the specialized needs of methodologies and technologies in risk areas.



Risk Solutions: ensures that the areas have the necessary technological resources to perform their duties and leads the portfolio of projects in this area.



Risk Transformation: seeks the efficient execution and continuous improvement of the processes of the risk areas.



Portfolio Management, Data & Reporting: prepares and generates reports for the management of risk areas, as well as for the measurement of operational risk and loss management.

Risk governance model

The BBVA Bancomer Board of Directors play an important role within the risk management model, as it is in charge of approving:

- The objectives, guidelines and policies of Comprehensive Risk Management
- The global limits of exposure to risk and, where appropriate, the Specific Limits of Exposure to Risk, considering the Consolidated Risk, broken down by business unit or risk factor
- The events or special circumstances in which both the Global Risk Exposure Limits and the Specific Risk Exposure Limits may be exceeded
- The Capital Sufficiency Assessment including the capital estimate and, where appropriate, the capitalization plan
- The Contingency Plan and its amendments

Additionally, a specific risk committee is created, which approves:

- Specific Risk Exposure Limits and Risk Tolerance Levels, and liquidity risk indicators
- The methodologies and procedures to identify, measure, monitor, limit, control, report and reveal the different types of risk to which Grupo BBVA México is exposed

- The models, parameters, scenarios, assumptions, including those related to stress tests, that are used to carry out the Capital Sufficiency Assessment and that will be used to conduct the valuation, measurement and control of risks proposed by the Comprehensive Risk Management Unit
- The methodologies for the identification, valuation, measurement and control of the risks of new operations, products and services that Grupo BBVA México intends to offer to the market
- The correction plans proposed by the CEO
- The evaluation of the aspects of Comprehensive Risk Management
- The level of effectiveness that the validation mechanisms of the security elements of the identifications presented by potential clients should have



Measurement and monitoring

A continuous measurement of credit, market, liquidity, operational and legal risks is carried out under consistent methodologies and parameters in accordance with international standards. A series of metrics are prepared which are followed by reports in which the risks incurred by the different business units of Grupo BBVA México are analyzed, considering Risk Metrics, Risk Appetite, Main Concentrations, Compliance with Regulatory Limits, Credit Stress Analysis, Calculation of Regulatory Capital



The general risk balance of Grupo BBVA is formed by market, credit and liquidity risks.

Requirement, Structural Risks, Market Risks, Liquidity Risk, Operational Risk and Legal Risk.

Additionally, periodic processes of sensitivity analysis, stress tests, and review and calibration of models are established.

Internal Audit, in compliance with the obligations indicated in the Banking Regulations (*Circular Única de Bancos*) and the Banking Law, conducts an annual Comprehensive Risk Management audit in accordance with the applicable legal provisions. Once the audit is concluded, the recommendations made by the Audit Committee under the Board of Directors are periodically monitored. Similarly, audits are carried out by independent experts, and it has been concluded that the models, systems, methodologies, assumptions, parameters and risk measurement procedures comply with their functionality based on the characteristics of the operations, instruments, portfolios and risk exposures of Grupo BBVA México.

Methodological framework

Grupo BBVA México' general balance of risks is as follows:



Market Risks

- Transaction and investment portfolios: Investments in securities for trading, reports and transactions with derivative financial instruments
- Structural Balance: Available for sale, other operations, including securities held-to-maturity and derivative financial instruments for managing the structural risk of interest rates and exchange rates



Credit Risk

- Companies and Corporations
- Consumer
- Mortgage portfolio



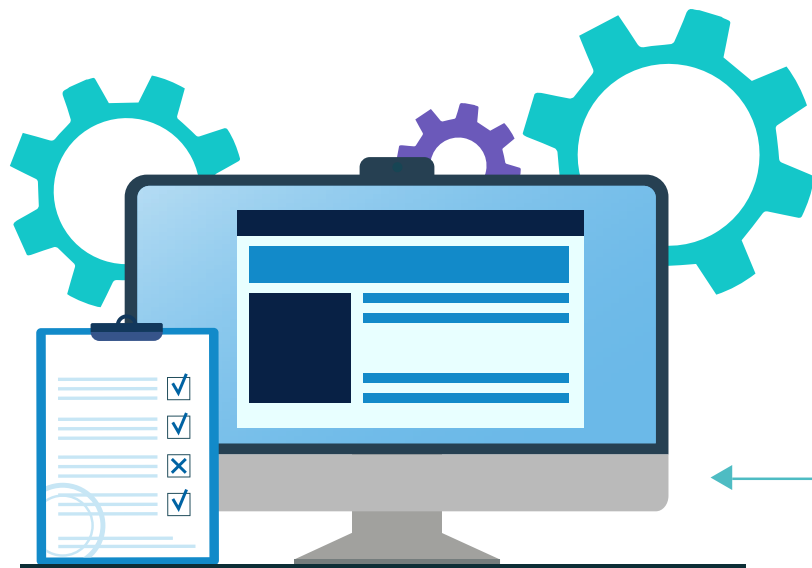
Liquidity risk

- Banking business: With on and off balance sheet positions, including loans, traditional deposits, investments in securities, derivatives, wholesale financing, etc.

Non-financial risk management

GRI 102-30 and FS2

Grupo BBVA México has a risk management and control model that is applied comprehensively in the Group in order to monitor and mitigate potential risks.



Additionally, it has the Corporate Policy for Non-Financial Risk Management that provides for the guidelines and regulations for the management of operational risks inherent to the activities of Grupo BBVA México. With the support of the Business and Support Areas, the Non-Financial Risk Units and the Specialist Control Units, methodologies and procedures are developed that allow the prioritization, assessment and periodic monitoring of risks and, in each case, to adopt the appropriate suitable mitigation and control measures.

Reputation management

Institutional reputation is extremely important for Grupo BBVA México and its stakeholders, since it has a direct impact on the performance and results of the organization. To monitor and manage it constantly, since 2016 there are tools and methodologies to identify, assess and prioritize reputational risk on an annual basis based on the impact on the perceptions of stakeholders and the strength of the Group in order to generate action plans and adequate mitigation controls.

Additionally, as part of the Institution's efforts to mitigate reputational risk, in 2020 the Manual for the Annual Assessment of Reputational Risk was implemented, which serves as guidance and support for the Operational Risk Admission Committee in the identification and risk assessment.

In 2020 we implemented the Manual for the **Annual Assessment of Reputational Risk.**

Regulatory compliance

GRI 103-1, 103-2, 103-3, 206-1

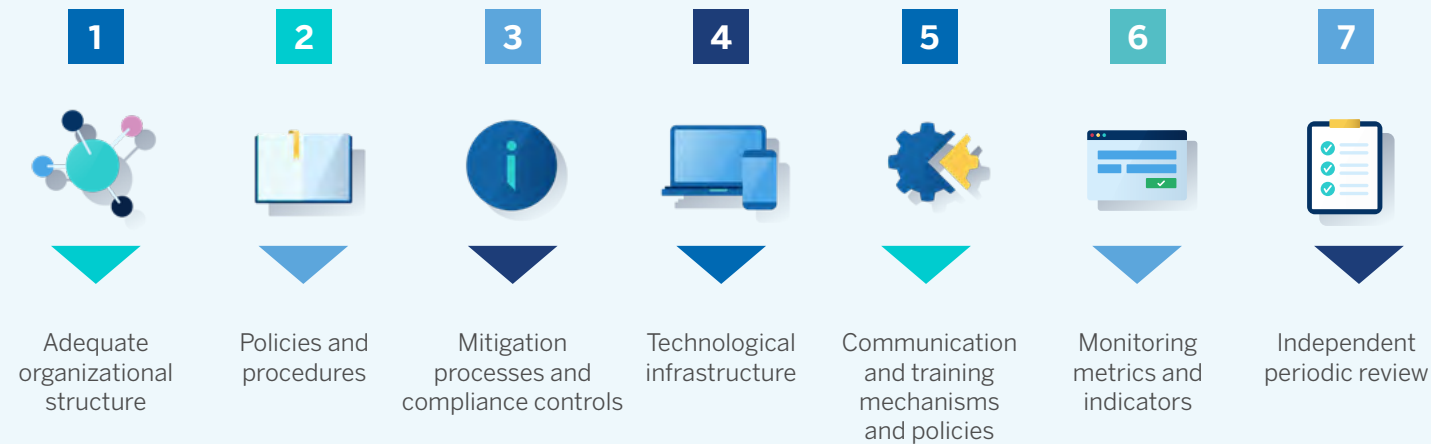
Compliance System

The Grupo BBVA México Compliance System consists of a series of elements that prevent risks associated with the prevention of money laundering, conduct with clients, corporate compliance, and the securities market, and

it achieves this through risk identification, procedures, communication and training actions, in order to establish strict standards of ethical behavior to conduct their daily activities and mitigate eventual compliance risks.

Additionally, Grupo BBVA México aligns itself with the provisions of the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights and the Global Compact as part of its commitment to guarantee respect for dignity and the rights of all people through the creation of a favorable environment that preserves their well-being and contributes to integral development.

This system consists of seven basic pillars:



Integrity Program

GRI 102-16, 102-17, 103-1, 103-2, 103-3, 205-1, 205-2, 205-3

For Grupo BBVA México, integrity is a fundamental value in the development of its activities since it always puts the interests of the client first. Within the Institution, everyone must follow the laws and regulations in a comprehensive, transparent and professional manner, in accordance with the social impact of the financial activity and the trust that its shareholders and clients have placed in the Group.

As part of Grupo BBVA México's efforts to create a culture of integrity, the "I have Integrity" program was implemented, which began in November 2020 and will end in June 2021. Its objective is to emphasize the expected ethical behavior and practical application of integrity in the development of each of the activities of all the Group's collaborators. This program is implemented with the support of a group of collaborators who have stood out in their performance in Grupo BBVA México called "Integrity Ambassadors" who were delegated the noble task of transmitting this message to the organization. The program is structured as follows:

1

Personal reflection prior to the start of the program

2

Live session to ratify BBVA's position on integrity issues

3

Series of 20 chapters with various ethical dilemmas to reinforce the principles established in the Code of Conduct



Code of Conduct

Grupo BBVA's Code of Conduct represents the commitment to its stakeholders as it seeks to promote principles of ethical behavior within the entire organization in order to maintain the best standards of integrity and honesty. Strict rules of conduct are established for the development of the activities of Grupo BBVA México, focused on safeguarding the information of its clients in accordance with legal provisions, based on four key pillars:



In order for all employees to become aware of the importance of a culture of integrity and renew their adherence to the Code of Conduct, a series of campaigns were carried out focused on the communication of topics such as Prevention of Harassment and Sexual Harassment, Responsible Use for Social Networks and Policies on Competition, Anti-Corruption, Gifts and Conflict of Interest, along with an online course to reaffirm ethical behavior in daily activities. Thanks to this, it was possible to train 97% of employees during 2020 on these matters.

97% of employees
were trained in **ethics and integrity in 2020.**



Training on the Code of Conduct seeks to disseminate the Whistleblower Channel to invite collaborators, clients and suppliers to raise their voices in the event of identifying faults or breaches of the Code of Conduct.

Mexican email:
canaldenuncia.mexico.mx@bbva.com

Global email:
canaldenuncia@bbva.com

Mexican telephone:
(55) 5621-4188 or 800-001-0011

Global telephone:
(34) 9153 77222

HPD: Whistleblower Channel

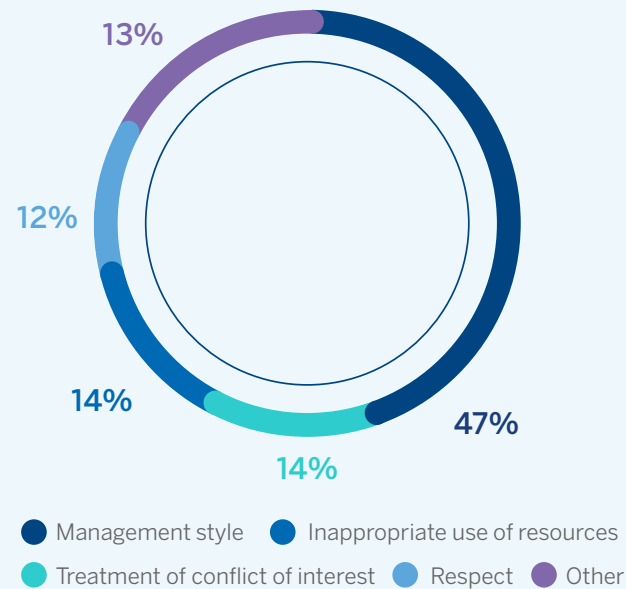
2021 Goal



By 2021, a new corporate tool for the Whistleblower Channel will be implemented, which will meet high standards in terms of protecting confidentiality of the whistleblower throughout the reporting, follow-up, investigation and resolution process.

In 2020, Grupo BBVA México, BBVA Pensiones and BBVA Seguros obtained **2nd place in the ranking of the 500 Companies Against Corruption** by Expansión magazine.

At the end of December 2020, 767 complaints were received, which represent 27% less than in 2019, since due to the health emergency derived from COVID-19, more than half of the branches were closed for a period of the year and most of the collaborators worked remotely, avoiding situations that could arise as a result of coexistence. The complaints filed are classified as follows:



Anti-corruption

Grupo BBVA México has clear policies and procedures defined in Anti-corruption and Economic Competition matters, which are disseminated to all employees through the institutional campaign #Hazlocorrecto. During 2020, training programs on these topics were carried out in order to monitor possible risks.

During 2020, no cases of corruption were identified that could affect the reputation of Grupo BBVA México.

Acknowledgments

In 2020, Grupo BBVA México, BBVA Pensiones and BBVA Seguros, obtained second place tie in the ranking of the 500 Companies against corruption of Expansión magazine with a score of 98/100 thanks to the Group's commitment to prevent corruption and supported by the Code of Conduct, the Whistleblower Channel and the Anti-Corruption Policy. This ranking consists of a diagnosis and evaluation of the presence, quality, publicity and transparency with which the 500 most important companies in Mexico make their integrity policies known.

Prevention of Money Laundering and Terrorist Financing

Grupo BBVA México collaborates and works actively in anti-money laundering (AML) and terrorist financing. We have assumed a series of commitments in order to preserve the well-being of the social environments in which its activities take place, such as:






- Actively collaborate with government agencies, international organizations and other institutions in the fight against drug trafficking, terrorist activities and other forms of organized crime

- Establish a set of corporate criteria and procedures aimed at mitigating the risk of products and services that can be used for criminal purposes
- Design and implement an organizational structure that has the necessary resources to manage this function and a clear assignment of responsibilities
- Create a regulatory body that determines the obligations to prevent money laundering and terrorist financing, with special emphasis on identification and knowledge of the customer (Know Your Customer) measures
- Implement monitoring and filtering measures for clients and their transactions, aimed at identifying potential suspicious activities and guaranteeing their report to the competent authority
- Serve as an instance of consultation within Grupo BBVA México regarding the application of the rule of law, criteria and procedures
- Execute annually the communication and training plans for employees, which are designed at the union level by the Association of Banks of Mexico (ABM), depending on the level of exposure of each group to the risk of money laundering and in order to equip them with the necessary capacities to comply with the applicable regulations





Training and dissemination programs contemplate, at least, the following:

- 
 • The disclosure of the know your customer policies and the criteria, measures and procedures for the compliance with the applicable legal measures regarding anti-money laundering and terrorist financing
- 
 • Dissemination of the provisions and their amendments
- 
 • The members of the Board of Directors and Executives are also included
- 
 • Information on techniques, methods and trends to prevent, detect and report transactions that could be intended to favor, provide aid, aid or cooperation of any kind for money laundering and terrorist financing
- 
 • The courses are accredited by applying evaluations on the knowledge acquired

The detail of the collaborators who have received training in the last three years is presented below:

	2018	2019	2020
Participants in training activities on AML	32,546	36,444	36,472
People who received specialized training *	305	481	347
Management Committee and Board of Directors	29	29	31

* The template for Money Laundering and Financing of Terrorist Activities is included.