



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON, DC 20551

July 6, 2016

Mr. Kirk Pressley  
Chief Financial Officer  
BBVA Compass  
15 20th Street South, Suite 1902  
Birmingham, Alabama 35233

Dear Mr. Pressley:

This letter is in response to your request dated April 11, 2016, that the Board provide Banco Bilbao Vizcaya Argentaria, S.A. (“BBVA”), Bilbao, Spain, a six-month extension of time, until January 1, 2017, to transfer five U.S. subsidiaries to its intermediate holding company (“IHC”).

Under Regulation YY, a foreign banking organization with U.S. non-branch assets of \$50 billion or more as of June 30, 2015, based on a four-quarter average, is required to establish an IHC by July 1, 2016.<sup>1</sup> A foreign banking organization required to form an IHC must, by July 1, 2016, hold under the IHC its ownership interests in any bank holding company (if not designated as the foreign banking organization’s IHC), any insured depository institution, and its U.S. subsidiaries representing 90 percent of the foreign banking organization’s assets not owned by such subsidiary bank holding company or insured depository institution.<sup>2</sup> By July 1, 2017, a foreign banking organization must hold under the IHC its ownership interests in all U.S. subsidiaries.<sup>3</sup> The Board may extend or accelerate any compliance date under Regulation YY if the Board determines that the extension or acceleration is appropriate.<sup>4</sup>

As of the June 30, 2015, asset measurement date, BBVA had U.S. non-branch assets in excess of \$50 billion, based on an average of the four previous quarters,

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<sup>1</sup> 12 CFR 252.152(c)(2).

<sup>2</sup> 12 CFR 252.152(c)(2)(i).

<sup>3</sup> 12 CFR 252.152(c)(2)(ii).

<sup>4</sup> 12 CFR 252.3(b).

and became subject to the requirement to form an IHC by July 1, 2016. BBVA has requested a six-month extension, until January 1, 2017, to transfer five U.S. subsidiaries to its IHC. Although these five subsidiaries represent 0.12 percent of the combined U.S. assets of BBVA, they represent more than 90 percent of BBVA's assets not owned by BBVA's existing U.S. bank holding company; therefore, BBVA would be required to transfer these subsidiaries to its IHC by July 1, 2016, absent an extension.

Four of the subsidiaries (the "BTS Companies") are engaged in money-transfer-related services. BBVA has represented that it is in the process of securing confirmations from state authorities that the transfer of the BTS Companies to the IHC would not require BBVA to reapply for new state licenses. The fifth subsidiary, BBVA Bancomer USA, is the shell holding company for the BTS Companies and would retain the proceeds of the sale of the BTS Companies to BBVA's IHC. BBVA also has represented that, following transfer of the BTS Companies to the IHC, BBVA Bancomer USA would be redomiciled from Delaware to Mexico or dissolved entirely.

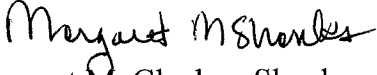
After consideration of all relevant facts, including the effect of the extension on financial stability, the period of time for which the extension would be necessary to facilitate compliance with Regulation YY, and the actions the company is taking to come into compliance with Regulation YY, the Board has granted BBVA's request for a six-month extension, until January 1, 2017, to transfer the BTS Companies and BBVA Bancomer USA to its IHC.

BBVA's U.S. subsidiaries are already predominantly consolidated under a U.S. bank holding company in the United States; as such, Regulation YY would require BBVA to transfer these subsidiaries to the BBVA IHC by July 1, 2016. An additional six months would enable BBVA to secure outstanding regulatory confirmations, effect the transfer of the BTS Companies to BBVA's IHC, and redomicile or dissolve BBVA Bancomer USA. Further, the BTS Companies represent only 0.12 percent of the combined U.S. assets of BBVA, and BBVA Bancomer USA is a shell holding company. Exclusion of the subsidiaries during the transfer period would not appear to pose systemic risk.

For the reasons stated above, the Board has granted BBVA's request for a six-month extension, until January 1, 2017, to transfer five U.S. subsidiaries to its IHC. This action is based on all the facts of record and on all the representations and commitments made by BBVA in its submissions to the Board in connection with the request. These representations and commitments constitute conditions imposed in writing in connection with the findings and decisions herein and, as such, may be enforced in proceedings under applicable law. Any material change in those facts or

representations could affect this approval and should be communicated promptly to Board staff.

Very truly yours,

  
Margaret McCloskey Shanks  
Deputy Secretary of the Board