

INFORMATION MEMORANDUM DATED 11TH DECEMBER, 2020



BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

(incorporated with limited liability in Spain)

€10,000,000,000

EURO-COMMERCIAL PAPER PROGRAMME

Arranger

BofA SECURITIES

Application has been made to the Irish Stock Exchange plc, trading as Euronext Dublin (**Euronext Dublin**) for euro-commercial paper notes issued during the twelve months after the date of this document under the €10,000,000,000 Euro-Commercial Paper Programme (the **Programme**) described in this document (the **Notes**) to be admitted to the official list of Euronext Dublin (the **Official List**) and trading on its regulated market (the **Regulated Market**).

There are certain risks related to any issue of Notes under the Programme, which potential investors should ensure they fully understand (see "*Risk Factors*" on pages 14 to 33 (inclusive) of this document).

Potential investors should note the statements on pages 101 to 105 (inclusive) regarding the tax treatment in the Kingdom of Spain (**Spain**) of income obtained in respect of the Notes and the disclosure requirements imposed by Law 10/2014 of 26th June, on regulation, supervision and solvency of credit institutions (*Ley 10/2014, de 26 de junio, de ordenación, supervisión y solvencia de entidades de crédito*) (**Law 10/2014**), on the Issuer relating to the Notes.

Dealers

BBVA

BARCLAYS

CREDIT SUISSE

ING

BofA SECURITIES

CITIGROUP

GOLDMAN SACHS BANK EUROPE SE

RABOBANK

UBS INVESTMENT BANK

This Programme has been rated by Fitch Ratings España, S.A.U. (**Fitch**), Moody's Investors Service España, S.A. (**Moody's**) and S&P Global Ratings Europe Limited (**S&P**).

IMPORTANT NOTICE

This information memorandum (together with any supplementary information memorandum and information incorporated herein by reference, the **Information Memorandum**) contains summary information provided by Banco Bilbao Vizcaya Argentaria, S.A. (**BBVA** or the **Issuer**) in connection with a euro-commercial paper programme (the **Programme**) under which the Issuer may issue and have outstanding at any time Notes up to a maximum aggregate amount of €10,000,000,000 or its equivalent in alternative currencies. Under the Programme, the Issuer may issue Notes outside the United States pursuant to Regulation S (**Regulation S**) of the United States Securities Act of 1933, as amended (the **Securities Act**). The Issuer has, pursuant to an amended and restated dealer agreement dated 13th December, 2019, as supplemented by a supplemental dealer agreement dated 11th December, 2020 (as further amended, restated, supplemented or replaced from time to time, the **Dealer Agreement**), appointed Bank of America Europe DAC as arranger for the Programme (the **Arranger**) and appointed Banco Bilbao Vizcaya Argentaria, S.A., Bank of America Europe DAC, Barclays Bank Ireland PLC, Citigroup Global Markets Europe AG, Citigroup Global Markets Limited, Coöperatieve Rabobank U.A., Credit Suisse Securities Sociedad de Valores, S.A., Goldman Sachs Bank Europe SE, ING Bank N.V. and UBS Europe SE as dealers for the Notes (the **Dealers**) and authorised and requested the Dealers to circulate this Information Memorandum on its behalf to investors or potential investors of the Notes.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S) (U.S. PERSONS) UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE AND IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER JURISDICTION.

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Information Memorandum or confirmed the accuracy or determined the adequacy of the information contained in this Information Memorandum. Any representation to the contrary is unlawful.

The Issuer accepts responsibility for the information contained in this Information Memorandum and declares that, having taken all reasonable care to ensure that such is the case, the information contained in the Information Memorandum is, to the best of the knowledge of the Issuer, in accordance with the facts and does not omit anything likely to affect the import of such information.

This Information Memorandum comprises listing particulars (the **Listing Particulars**) for the purposes of giving information with regard to the issue of the Notes under the Programme. References throughout this document to this Information Memorandum shall be deemed to read Listing Particulars for such purpose.

Application has been made to Euronext Dublin for Notes to be admitted to the Official List and to trading on the Regulated Market. The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets as may be agreed between the Issuer and the relevant Dealer. References in this Information Memorandum to the Notes being “listed” shall be construed accordingly. No Notes may be issued pursuant to the Programme on an unlisted basis.

Neither the Arranger nor the Dealers accept any responsibility, express or implied, for updating the Information Memorandum and neither the delivery of the Information Memorandum or any Pricing Supplement (as defined below) nor any offer or sale made on the basis of the information contained in this Information Memorandum shall, under any circumstances, create any implication that this Information Memorandum is accurate at any time subsequent to the date thereof with respect to the Issuer or that there has been no change in the business, financial condition or affairs of the Issuer since the date thereof.

No person is authorised by the Issuer to give any information or to make any representation not contained in this Information Memorandum or any Pricing Supplement and any information or representation not contained therein must not be relied upon as having been authorised.

Neither the Arranger nor any Dealer has independently verified the information contained in this Information Memorandum. Accordingly, no representation or warranty or undertaking (express or implied) is made, and no responsibility or liability is accepted by the Arranger or the Dealers as to the authenticity, origin, validity, accuracy or completeness of, or any errors in or omissions from, any information or statement contained or incorporated by reference in this Information Memorandum or in or from any accompanying or subsequent material or presentation. Neither the Arranger nor any Dealer accepts any liability in relation to the information contained in this Information Memorandum or any other information provided by the Issuer in connection with the Programme.

This Information Memorandum contains references to the ratings of the Programme. Where a tranche of Notes is rated, such rating will be disclosed in the Pricing Supplement and will not necessarily be the same as the rating assigned to the Programme by Fitch, Moody's or S&P. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, modification or withdrawal at any time by the relevant rating agency.

The information contained in this Information Memorandum or any other information provided by the Issuer in connection with the Programme is not intended to provide the basis of any credit, taxation or other evaluation and should not be construed as a recommendation or financial advice by the Arranger, the Dealers or the Issuer that any recipient should purchase Notes. Each such recipient must make and shall be deemed to have made its own independent assessment and investigation of the financial condition, affairs and creditworthiness of the Issuer and of the Programme as it may deem necessary and must base any investment decision upon such independent assessment and investigation and not on this Information Memorandum or any other information supplied in connection with the Programme.

Neither the Arranger nor any Dealer undertakes to review the business or financial condition or affairs of the Issuer during the life of the Programme, nor undertakes to advise any recipient of this Information Memorandum of any information or change in such information coming to the Arranger's or any Dealer's attention.

Neither the Arranger nor any of the Dealers accepts any liability in relation to this Information Memorandum or its distribution by any other person. Neither this Information Memorandum nor any Pricing Supplement is intended to constitute an offer or invitation to any person to purchase Notes. The distribution of this Information Memorandum and any Pricing Supplement and the offering for sale of Notes or any interest in such Notes or any rights in respect of such Notes, in certain jurisdictions, may be restricted by law. Persons obtaining this Information Memorandum or any Notes or any interest in such Notes or any rights in respect of such Notes are required by the Issuer, the Arranger and the Dealers to inform themselves about and to observe any such restrictions. In particular, but without limitation, such persons are required to comply with the restrictions on offers or sales of Notes and on distribution of this Information Memorandum or any Pricing Supplement and other information in relation to the Notes and the Issuer set out under "Selling Restrictions" below.

Notice of the aggregate amount of Notes, the issue price of Notes and any other terms and conditions not contained herein to be completed in relation to each issue of Note that is intended to be admitted to the Official List and to trading on the Regulated Market will be set out in the pricing supplement (the **Pricing Supplement**) attached to or endorsed on the Notes (which may be in global form (the **Global Note**) or in definitive form) (see "*Form of the Notes*" on page 75 below). The Pricing Supplement will be supplemental to and must be read in conjunction with the full terms and conditions of the Notes. Copies of each Pricing Supplement containing details of each particular issue of Notes will be available from the specified office set out below of the Issuing and Paying Agent (as defined below). Copies of each Pricing Supplement in relation to each particular issue of Notes to be listed on Euronext Dublin will also be published on the website of Euronext Dublin and the Central Bank of Ireland.

A communication of an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended (the **FSMA**)) received in connection with the issue or sale of any Notes will only be made in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**), any Dealer subscribing for any Notes is a manufacturer (each a **Manufacturer**) in respect of those Notes, but otherwise none of the Arranger, the Dealers or any of their respective affiliates will be a Manufacturer.

Solely by virtue of appointment as Arranger or Dealer, as applicable, on this Programme, neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

The Pricing Supplement in respect of any Notes will include a legend entitled “MiFID II Product Governance” which will outline each Manufacturer’s product approval process, the target market assessment in respect of the Notes taking into account the five categories referred to in item 18 of the Guidelines published by the European Securities and Markets Authority (**ESMA**) on 5th February, 2018 and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, **MiFID II**) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

SPANISH TAX RULES

Article 44 of Royal Decree 1065/2007 of 27th July, as amended by Royal Decree 1145/2011 of 29th July (as so amended, **RD 1065/2007**), sets out the reporting obligations applicable to preference shares and debt instruments (including debt instruments issued at a discount for a period equal to or less than twelve months) issued under the First Additional Provision of Law 10/2014.

General

The procedure described in this Information Memorandum for the provision of information required by Spanish law and regulation is a summary only. None of the Issuer, the Arranger or the Dealers assumes any responsibility therefor.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Under Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19th July, 2002, all companies governed by the law of a European Union (**EU**) Member State and whose securities are admitted to trading on a regulated market of any Member State must prepare their consolidated financial statements in conformity with International Financial Reporting Standards adopted by the EU (**EU-IFRS**).

The Issuer's consolidated financial statements as at and for each of the years ending 31st December, 2019, 31st December, 2018 and 31st December, 2017 (the **Consolidated Financial Statements**), as included in the annual report of the Group (as defined below) on Form 20-F for the year ended 31st December, 2019 filed with the U.S. Securities and Exchange Commission (the **SEC**) on 28th February, 2020 (the **Form 20-F**), which is incorporated by reference in this Information Memorandum, are in compliance with the International Financial Reporting Standards as issued by the International Accounting Standards Board (**IFRS-IASB**) and in accordance with EU-IFRS applicable as of 31st December, 2019, reflecting the Bank of Spain’s Circular 4/2017 of 27th November (as amended) and any other legislation governing financial reporting applicable to the Issuer and its consolidated subsidiaries (the **Group**).

In this Information Memorandum, references to:

- **euro** and **€** denote the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended;
- **Sterling** and **£** denote the lawful currency of the United Kingdom;
- **U.S. dollars** and **U.S.\$** denote the lawful currency of the United States of America;
- **Mexican peso** refers to the lawful currency of the United Mexican States;
- **Turkish Lira** and **TL** refer to the lawful currency of the Republic of Turkey; and
- **JPY** and **¥** are to Japanese Yen.

Where this Information Memorandum refers to the provisions of any other document, such reference should not be relied upon and the document must be referred to for its full effect.

Certain numerical information in this Information Memorandum may not sum due to rounding. In addition, information regarding period-to-period changes is based on numbers which have not been rounded.

All references to any financial information in this Information Memorandum are to the consolidated financial information of the Group, unless otherwise stated.

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DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have been previously published or are being published simultaneously with this Information Memorandum and have been filed with Euronext Dublin, are incorporated by reference in, and form part of, this Information Memorandum:

- (a) the Form 20-F of the Issuer, for the financial year ended 31st December, 2019 as filed with the U.S. Securities and Exchange Commission (the **SEC**) on 28th February, 2020 (which includes on pages F-1 to F-4 thereof the auditor's report and on pages F-5 to F-224 thereof, the Consolidated Financial Statements);
- (b) the Form 6-K of the Issuer, for the six month period ending 30th June, 2020 as furnished to the SEC on 31st July, 2020 (which includes the unaudited condensed interim consolidated financial statements of the Issuer as at and for each of the six month periods ending 30th June, 2020 and 30th June, 2019);
- (c) the Condensed Interim Consolidated Financial Statements and Management Report (the **Management Report**) for the nine month period ending 30th September, 2020 of the Issuer as furnished to the Spanish National Securities Market Commission (Comisión Nacional del Mercado de Valores or the **CNMV**) on 30th October, 2020 (which includes the unaudited condensed interim consolidated financial statements of the Issuer as at 30th September, 2020 and for each of the nine month periods ending 30th September, 2020 and 30th September, 2019 and certain other information);
- (d) the audited stand-alone financial statements of the Issuer as at and for the year ended 31st December, 2019 as furnished to the CNMV under Circular 4/2017; and
- (e) the audited stand-alone financial statements of the Issuer as at and for the year ended 31st December, 2018 as furnished to the CNMV under Circular 4/2017.

In addition, any audited annual and unaudited interim consolidated financial statements of the Issuer in each case published after the date of this Information Memorandum shall be deemed to be incorporated in, and to form part of, this Information Memorandum upon the publication and filing of such financial statements with Euronext Dublin.

Any statement contained herein or in a document incorporated by reference herein or contained in any supplementary information memorandum or in any document which is subsequently incorporated by reference herein shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede earlier statements contained in this Information Memorandum or in a document which is incorporated by reference in this Information Memorandum.

Any supplement to this Information Memorandum will be subject to the approval of Euronext Dublin prior to its publication.

No website referred to in this Information Memorandum forms part of the document for the purposes of listing the Notes on Euronext Dublin.

The Issuer will provide, without charge to each person to whom a copy of this Information Memorandum has been delivered, upon the request of such person, a copy of any or all the documents deemed to be incorporated by reference herein unless such documents have been modified or superseded as specified above, in which case the modified or superseded version of such document will be provided. Requests for such documents should be directed to the Issuer at its office set out at the end of this Information Memorandum. In addition such documents will be available, without charge at the principal office in England of the Issuing and Paying Agent (each as set out at the end of this Information Memorandum).

Except as provided above, no other information, including information on the website of the Issuer, is incorporated by reference into this Information Memorandum.

OVERVIEW OF THE TERMS OF THE PROGRAMME

Issuer:	Banco Bilbao Vizcaya Argentaria, S.A. (BBVA).
Issuer Legal Entity Identifier (LEI):	K8MS7FD7N5Z2WQ51AZ71
Risk Factors:	There are certain factors that may affect the ability of the Issuer to fulfil its obligations under Notes issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the risks associated with Notes issued under the Programme. All of these are set out under “ <i>Risk Factors</i> ” and include certain market risks.
Arranger:	Bank of America Europe DAC.
Dealers:	<p> Banco Bilbao Vizcaya Argentaria, S.A. Bank of America Europe DAC Barclays Bank Ireland PLC Citigroup Global Markets Europe AG Citigroup Global Markets Limited Coöperatieve Rabobank U.A. Credit Suisse Securities Sociedad de Valores, S.A. Goldman Sachs Bank Europe SE ING Bank N.V. UBS Europe SE </p> <p>and any other Dealers appointed in accordance with the Dealer Agreement.</p>
Issuing and Paying Agent:	The Bank of New York Mellon, London Branch.
Purpose of the Programme:	The net proceeds from the sale of Notes will be applied for general corporate purposes.
Maximum amount of the Programme:	The outstanding nominal amount of the Notes issued under the Programme will not exceed €10,000,000,000 (or its equivalent in other currencies) at any time. The maximum amount of the Programme may be increased from time to time in accordance with the Dealer Agreement.
Characteristics and form of the Notes:	<p>Notes will be issued in bearer form. The Notes will initially be in global form (Global Notes).</p> <p>Each Global Note which is not intended to be issued in new global note form (a Classic Global Note or CGN), as specified in the relevant Pricing Supplement, will be deposited on or around the relevant issue date with a common depositary for the Relevant Clearing Systems (as defined below) and each Global Note which is intended to be issued in new global note form (a New Global Note or NGN), as specified in the relevant Pricing Supplement, will be delivered on or around the relevant issue date to a Common Safekeeper (as defined below) for the Relevant Clearing Systems (as</p>

defined herein). A Global Note will be exchangeable into definitive notes (**Definitive Notes**) in whole (but not in part) only in the limited circumstances set out in that Global Note (for further details, see “*Form of the Notes*”).

Common Safekeeper means, in relation to each issue of NGNs which is intended to be held in a manner that would allow Eurosystem eligibility, the common safekeeper which is appointed by the Relevant Clearing Systems in respect of such NGN or such other entity as the Issuer and Issuing and Paying Agent may agree from time to time, in accordance with the provisions of the amended and restated issue and paying agency agreement dated 13th December, 2019 as supplemented by a supplemental issue and paying agency agreement dated 11th December, 2020 (as further amended, restated, supplemented or replaced from time to time, the **Issue and Paying Agency Agreement**), and which is eligible to hold such NGN for the purpose of the requirements relating to collateral for Eurosystem monetary and intra-day credit operations. If the Common Safekeeper as at the relevant issue date ceases to be so eligible after the relevant issue date, the relevant Notes will no longer qualify for Eurosystem eligibility unless a new Common Safekeeper is appointed who is so eligible.

Remuneration:	Notes may be issued at a discount or may bear a fixed or a floating rate of interest.
Currencies of issue of the Notes:	Notes may be denominated in U.S. dollars, euro, Sterling, Japanese Yen or any other currency subject to compliance with any applicable legal and regulatory requirements.
Maturity of the Notes:	The tenor of Notes shall not be less than one day nor more than 364 days from (and including) the date of issue, to (but excluding) the maturity date, subject to compliance with any applicable legal and regulatory requirements.
Redemption for taxation reasons:	The Notes may be redeemed (in whole but not in part) at the option of the Issuer and prior to their stated maturity for taxation reasons only. The terms of any such redemption will be indicated in the terms of the Notes and the relevant Pricing Supplement.
Minimum denomination of the Notes:	Notes may have any denomination, subject to compliance with any applicable legal and regulatory requirements. The initial minimum denominations for Notes are U.S.\$500,000, €500,000, £200,000 and ¥100,000,000 and, in each case, integral multiples of units of 1,000 in excess thereof. The minimum denominations of Notes denominated in other currencies will be in accordance with any applicable legal and regulatory requirements. Minimum denominations may be changed from time to time.

Status of the Notes:

The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer, representing, in the case of each Note, a separate and independent obligation of the Issuer, and, upon the insolvency (*concurso de acreedores*) of the Issuer, in accordance with and to the extent permitted by the Insolvency Law and other applicable laws relating to or affecting the enforcement of creditors' rights in the Kingdom of Spain (including, without limitation, Additional Provision 14.2 of Law 11/2015), the payment obligations of the Issuer under the Notes with respect to claims for principal (which claims will constitute ordinary claims) will rank:

- (i) junior to any (A) privileged claims (*créditos privilegiados*) (which shall include, among other claims, any claims in respect of deposits for the purposes of Additional Provision 14.1 of Law 11/2015) and (B) claims against the insolvency estate (*créditos contra la masa*);
- (ii) *pari passu* without any preference or priority among themselves and with all other Senior Preferred Obligations; and
- (iii) senior to (A) any Senior Non-Preferred Obligations and (B) all subordinated obligations of, or subordinated claims against, the Issuer (*créditos subordinados*), present and future,

such that any claim for principal in respect of the Notes will be satisfied, as appropriate, only to the extent that all claims ranking senior to it have first been satisfied in full and then *pro rata* with any claims ranking *pari passu* with it, in each case as provided above.

For the purposes of this Information Memorandum:

Insolvency Law means Royal Legislative Decree 1/2020, of 5th May, approving the restated text of the insolvency law (*Real Decreto Legislativo 1/2020, de 5 de mayo, por el que se aprueba el texto refundido de la Ley Concursal*), as amended, replaced or supplemented from time to time;

Law 11/2015 means Law 11/2015 of 18th June on the recovery and resolution of credit institutions and investment firms (*Ley 11/2015, de 18 de junio, de recuperación y resolución de entidades de crédito y empresas de servicios de inversión*), as amended, replaced or supplemented from time to time;

ordinary claims means the class of claims with respect to unsecured, non-privileged and unsubordinated obligations (*créditos ordinarios*) of the Issuer which, upon the insolvency (*concurso de acreedores*) of the Issuer and pursuant to Articles 269.3, 433, 434 and 435 of the Insolvency Law and other applicable laws relating to or affecting the enforcement of creditors' rights in the Kingdom of Spain, rank (i) junior to privileged claims (*créditos privilegiados*) (which shall include, among other claims, any claims in respect of deposits for the purposes of Additional Provision 14.1 of Law

11/2015 and any secured claims), and claims against the insolvency estate (*créditos contra la masa*) and (ii) senior to subordinated claims (*créditos subordinados*);

Senior Non-Preferred Obligations means the obligations of the Issuer with respect to all ordinary claims, present and future, which, upon the insolvency (*concurso de acreedores*) of the Issuer are expressed to rank within the ordinary claims but junior to Senior Preferred Obligations; and

Senior Preferred Obligations means the obligations of the Issuer with respect to (i) the payment of principal under the Notes and (ii) all other ordinary claims, present and future, other than Senior Non-Preferred Obligations.

For further details see “*Form of the Notes*”.

Governing law that applies to the Notes:

Save as provided below, the Notes and any non-contractual obligations arising out of or in connection therewith, will be governed by, and shall be construed in accordance with, English law.

The status of the Notes, the recognition of the Spanish Bail-in Power and any non-contractual obligations arising out of or in connection therewith will be governed by, and shall be construed in accordance with, Spanish law. The Notes are issued in accordance with the formalities prescribed by Spanish law.

Listing:

Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and to trading on the Regulated Market. The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets as may be agreed between the Issuer and the relevant Dealer. No Notes may be issued pursuant to the Programme on an unlisted basis.

Settlement system:

Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking, S.A. (**Clearstream, Luxembourg**) and/or such other securities clearance and/or settlement system(s) which is authorised to hold securities as eligible collateral for Eurosystem monetary policy and intra-day credit operations, as agreed between the Issuer and the relevant Dealer(s) (together, the **Relevant Clearing Systems**).

Accountholders in the Relevant Clearing Systems will, in respect of Global Notes, have the benefit of a deed of covenant dated 16th December, 2016 and made by the Issuer (the **Deed of Covenant**), copies of which may be inspected during normal business hours at the specified office of the Issuing and Paying Agent.

Rating(s) of the Programme:

The Programme has been rated by Fitch, Moody's and S&P.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the relevant rating agency.

Selling restrictions:

Offers and sales of Notes and the distribution of this Information Memorandum and other information relating to the Issuer or any Notes are subject to certain restrictions, details of which are set out under “*Subscription and Sale*” below.

Taxation:

Save as set out below, all payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by Spain. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances, be required to pay additional amounts to cover the amounts so deducted.

The Issuer considers that, according to RD 1065/2007 it is not obliged to withhold any tax amount provided that the simplified information procedures established therein (which do not require identification of the Noteholders) are complied with by the Issuing and Paying Agent, as described in “*Taxation – Tax Reporting Obligations of the Issuer*”.

For further information regarding the interpretation of RD 1065/2007 please refer to “*Risk Factors – Spanish Tax Rules*”.

For further details, see “*Taxation*” below.

Notices:

Unless otherwise specified in the relevant Pricing Supplement, all notices concerning Notes listed on Euronext Dublin shall be published on the website of Euronext Dublin or, in lieu of such publication and if so permitted by the rules of Euronext Dublin, the Issuer may deliver all such notices to the Relevant Clearing System(s) or publish such notices by any other means acceptable to Euronext Dublin.

RISK FACTORS

In purchasing Notes, investors expose themselves to the risk that the Issuer may become insolvent, subject to early intervention or resolution, or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which they currently deem not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer believes that the factors described below represent the principal factors which could materially adversely affect its businesses and ability to make payments due under the Notes. In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Prospective investors should also read the detailed information set out elsewhere in, or incorporated by reference into, this Information Memorandum and reach their own views prior to making any investment decision.

Unless otherwise stated, terms used in this section have the meanings given to them in “Regulatory Framework”.

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS IN RESPECT OF NOTES ISSUED UNDER THE PROGRAMME

Macroeconomic Risks and COVID-19 Consequences

The coronavirus (COVID-19) pandemic is adversely affecting the Group

The coronavirus (COVID-19) pandemic has affected, and is expected to continue to adversely affect, the world economy and economic activity and conditions in the countries in which the Group operates, leading many of them to economic recession. Among other challenges, these countries are experiencing widespread increases in unemployment levels and falls in production, while public debt has increased significantly due to support and spending measures implemented by government authorities. In addition, there has been an increase in debt defaults by both companies and individuals, volatility in the financial markets, volatility in exchange rates and falls in the value of assets and investments, all of which have adversely affected the Group's results in the first nine months of 2020, and are expected to continue affecting the Group's results in the future.

Furthermore, the Group may be affected by the measures adopted by regulatory authorities in the banking sector, including but not limited to, the recent reductions in reference interest rates, the relaxation of prudential requirements, the suspension of dividend payments until 1st October, 2020, the adoption of moratorium measures for bank customers (such as those included in Royal Decree Law 11/2020 in Spain, as well as in the CECA-AEB agreement to which BBVA has adhered and which, among other things, allows loan debtors to extend maturities and defer interest payments) and facilities to grant credit with the benefit of public guarantees, especially to companies and self-employed individuals, as well as changes in the financial asset purchase programmes.

Since the outbreak of COVID-19, the Group has experienced a decline in its activity. For example, the granting of new loans to individuals has significantly reduced since the beginning of the state of emergency or periods of confinement decreed in certain countries in which the Group operates. In addition, the Group faces various risks, such as an increased risk of deterioration in the value of its assets (including financial instruments valued at fair value, which may suffer significant fluctuations) and of the securities held for liquidity reasons, a possible significant increase in non-performing loans (NPLs), a negative impact on the Group's cost of financing and on its access to financing (especially in an environment where credit ratings are affected).

In addition, in several of the countries in which the Group operates, including Spain, the Group has temporarily closed a significant number of its offices and reduced hours of working with the public, and the teams that provide central services have been working remotely. These measures are being gradually reversed in some regions, such as Spain, however, due to the continued presence of the COVID-19 pandemic, it is unclear how long it will take for normal operations to be fully resumed. The COVID-19 pandemic could also adversely affect the business and operations of third parties that provide critical services to the Group and, in particular, the greater demand and/or reduced availability of certain resources could in some cases make it more difficult for the Group to maintain the required service levels. Furthermore, the increase in remote working has increased the risks related to cybersecurity, as the use of non-corporate networks has increased.

As a result of the above, the COVID-19 pandemic has had an adverse effect on the Group's results and on the Group's capital base. During the first six months of the year 2020, the main accumulated impacts were:

- (i) an increase in the cost of risk associated with lending activity, mainly due to the deterioration of the macroeconomic environment, which has had a negative impact of €2,009 million on the Group (including the initial adverse effect of payment deferrals implemented in response to the COVID-19 pandemic) and provisions for credit risk and contingent commitments of €95 million; and
- (ii) a deterioration in the goodwill of the Group's subsidiary in the United States, mainly due to the deterioration of the macroeconomic scenario in the United States, which has had a net negative impact of €2,084 million on the Group's attributed profit in this period, although this impact does not affect the tangible book value, nor the solvency or the liquidity of the Group. After 30th June, 2020, the specific impact of the general deterioration of the global macroeconomic environment on the Group's consolidated results cannot be isolated.

The final magnitude of the impact of the COVID-19 pandemic on the Group's business, financial condition and results of operations, which is expected to be significant, will depend on future and uncertain events, including the intensity and persistence over time of the consequences arising from the COVID-19 pandemic in the different geographies in which the Group operates, .

A deterioration in economic conditions or the institutional environment in the countries where the Group operates could have a material adverse effect on the Group's business, financial condition and results of operations

The Group is sensitive to the deterioration of economic conditions or the alteration of the institutional environment of the countries in which it operates, and especially of Spain, Mexico, the United States and Turkey, which respectively represented 55.5 per cent., 13.9 per cent., 13.4 per cent. and 8.0 per cent. of the Group's assets as of 30th September, 2020 (52.3 per cent., 15.6 per cent., 12.7 per cent. and 9.2 per cent. as of 31st December, 2019, respectively). Additionally, the Group is exposed to sovereign debt in these geographies.

Currently, the world economy is facing several exceptional challenges. In particular, the crisis derived from the COVID-19 pandemic has abruptly and significantly deteriorated the economic conditions and prospects of the countries in which the Group operates, leading many of them to an economic recession in 2020. Furthermore, this crisis could lead to a deglobalisation of the world economy, produce an increase in protectionism or barriers to immigration, fuel the trade war between the United States and China and result in a general withdrawal of international trade in goods and services, as well as having other effects of long duration that transcend the pandemic itself. Added to this is the uncertainty regarding the United Kingdom's (the UK) exit from the EU (**Brexit**). The long-term effects of Brexit will depend on the relationship between the UK and the EU after its complete exit from the European Single Market, currently scheduled for 31st December, 2020. Furthermore, in a scenario as uncertain as the current one, with prospects of a severe correction in activity worldwide, emerging economies (to which the Group is significantly exposed, particularly in the case of Mexico and Turkey) could be particularly vulnerable to a trade war or if there were

changes in the financial risk appetite. Likewise, the possible triggering of a disorderly deleveraging process in China would pose a significant risk to these economies.

Thus, the Group faces, among others, the following general risks to the economic and institutional environment in which it operates: a deterioration in economic activity in the countries in which it operates, which could lead to an economic recession in some or all of those countries; more intense deflationary pressures or even deflation; variations in exchange rates; a very low interest rate environment, or even a long period of negative interest rates in some regions where the Group operates; an unfavourable evolution of the real estate market, to which the Group remains significantly exposed; very low oil prices; changes in the institutional environment in the countries in which the Group operates that could lead to sudden and sharp falls in GDP and / or regulatory changes; a growing public deficit that could lead to downgrades in sovereign debt credit ratings and even a possible default or restructuring of such debt; and episodes of volatility in markets, such as those currently being experienced, which could lead the Group to register significant losses.

Business Risks

The Group's businesses are subject to inherent risks concerning borrower and counterparty credit quality, which have affected and are expected to continue to affect the recoverability and value of assets on the Group's balance sheet

The total maximum credit risk exposure of the Group as of 30th September, 2020 was €815,226 million (€809,786 million, €763,082 million and €763,165 million as of 31st December, 2019, 2018 and 2017, respectively). The Group has exposures to many different products, counterparties and obligors and the credit quality of its exposures can have a significant effect on the Group's earnings. Adverse changes in the credit quality of the Group's borrowers and counterparties or collateral, or in their behaviour or businesses, may reduce the value of the Group's assets, and materially increase the Group's write-downs and loss allowances. Credit risk can be affected by a range of factors, including an adverse economic environment, reduced consumer, corporate or government spending, global economic slowdown, changes in the rating of individual contractual counterparties, their debt levels and the economic environment in which they operate, increased unemployment, reduced asset values, increased retail or corporate insolvency levels, reduced corporate profits, changes (and the timing, quantum and pace of these changes) in interest rates, counterparty challenges to the interpretation or validity of contractual arrangements and any external factors of a legislative or regulatory nature.

Non-performing or impaired financial customer loans have been negatively affecting, and could continue to affect, the Group's results given the increasing economic uncertainty. As of 30th September, 2020 and 31st December, 2019, the Group had a 3.8 per cent. and 3.8 per cent. NPL ratio (as defined in "Alternative Performance Measures" of the Management Report) compared to 3.9 per cent. and 4.6 per cent. as of 31st December, 2018 and 2017, respectively. NPL rates have been reducing in recent years in part due to low interest rates, which have improved clients' ability to pay, but the risk of an increase in NPLs has increased significantly due to the effects of the COVID-19 pandemic.

In addition, it is possible that the current scenario of economic deterioration translates into a decrease in the prices of real estate assets in Spain and other countries. As of 31st December, 2019, the Group's exposure to the construction and real estate sectors (which excludes the mortgage portfolio) in Spain was equivalent to €9,943 million, of which €2,649 million corresponded to construction loans and construction sector activities related to the development of the real estate sector in Spain (representing 1.4 per cent. of the Group's loans and advances to customers in Spain (excluding the public sector) and 0.4 per cent. of the Group's consolidated assets). The Group continues to be exposed to the real estate market, mainly in Spain, due to the fact that many of its loans are secured by real estate assets, due to the significant volume of real estate assets that it maintains on its balance sheet, and due to its participation in real estate companies such as Metrovacesa, S.A. and Divarian Propiedad, S.A (**Divarian**). The total real estate exposure, including developer credit, foreclosed assets and other assets, reflected a coverage rate of 52 per cent. in Spain as of 31st December, 2019. A fall in the prices of real estate assets in Spain and other countries would reduce the value of such participations as well as the security for the loans granted by the Group secured over such real

estate assets and credits and, therefore, in the event of default, the amount of the “expected losses” related to those loans and credits would increase. In addition, it could also have a significant adverse effect on the default rates of the Group's residential mortgage portfolio, the balance of which, as of 30th September, 2020, was €104,112 million at a global level (as of 31st December, 2019, 2018 and 2017, €110,500, €111,528 and €112,274 million respectively).

The magnitude, timing and pace of any increase in default rates will be key for the Group. Furthermore, it is possible that the Group has incorrectly assessed the creditworthiness or willingness to pay of its borrowers and counterparties, that it has underestimated the credit risks and potential losses inherent in its credit exposure and that it has made insufficient provisions for such risks in a timely manner. These processes, which have a crucial impact on the Group's results and financial condition, require difficult, subjective and complex calculations, including forecasts of the impact that macroeconomic conditions could have on these borrowers and counterparties. In particular, the current uncertainty about economic conditions may harm the processes followed by the Group to estimate the losses derived from its exposure to credit risk, which could influence the adequacy of the provisions for insolvencies provided by the Group. An increase in non-performing or low-quality loans could significantly and adversely affect the Group's business, financial condition and results of operations.

The Group's business is particularly vulnerable to volatility in interest rates

The Group's results of operations are substantially dependent upon the level of its net interest income, which is the difference between interest income from interest-earning assets and interest expense on interest-bearing liabilities. As of 30th September, 2020 and 31st December, 2019, the interest margin with respect to the gross margin was 72 per cent. and 74 per cent., respectively. Interest rates are highly sensitive to many factors beyond the Group's control, including fiscal and monetary policies of governments and central banks, regulation of the financial sectors in the markets in which it operates, domestic and international economic and political conditions and other factors. In this sense, the COVID-19 pandemic has triggered a process of the cutting of benchmark interest rates, which, moreover, will foreseeably take longer to subsequently be increased and will do so at a slower rate than previously foreseen. It is possible that changes in market interest rates, which could be negative in some cases, and the reform of benchmarks, affect the interest the Group receives on its profitable assets differently from the interests that the Group pays for its liabilities at cost (in addition to assuming, with regard to such benchmark reform, other considerable risks, including legal and operational risks). This, in turn, may lead to a reduction in the Group's net interest margin, which could have a significant adverse effect on its results.

Furthermore, a rise in interest rates could reduce the demand for credit and the Group's ability to generate credit for its clients, as well as contribute to an increase in the credit default rate. As a result of these and the above factors, significant changes or volatility in interest rates could have a material adverse effect on the Group's business, financial condition or results of operations.

The Group faces increasing competition in its business lines

The markets in which the Group operates are highly competitive and it is estimated that this trend will continue in the coming years with the increasing entry of non-bank competitors (some of which have large client portfolios and strong recognition of their brands) and the emergence of new business models. According to data from the Financial Stability Board (the **FSB**) in its Global Monitoring Report on Non-Bank Financial Intermediation 2019, globally, at the end of 2018, banks had a share of close to 40 per cent. of total financial assets and non-traditional providers had 30 per cent. Although the Group is making efforts to anticipate these changes, betting on its digital transformation, its competitive position is undermined by the regulatory asymmetry that benefits non-bank operators. For example, banking groups are subject to prudential regulations that have implications for most of their businesses, including those in which they compete with non-bank operators that are only subject to specific regulations of the activity they develop or that benefit from loopholes existing in the regulatory framework. Furthermore, when banking groups carry out financial activities through the use of new technologies, they are generally subject to additional internal governance rules that place the Group at a competitive disadvantage to attract and retain digital talent,

including founders and management teams of the acquired companies. Furthermore, banking groups often face obstacles in engaging in new, unregulated activities. In the event that the Group cannot successfully compete in such markets, its business, financial condition and results could be significantly and adversely affected.

Furthermore, the widespread adoption of new technologies, including cryptocurrencies and payment systems, could require substantial expenses to modify or adapt existing products and services as the Group continues to increase its mobile and internet banking capabilities. Likewise, the increasing use of these new technologies and mobile banking platforms could have an adverse impact on the Group's investments in facilities, equipment and employees of the branch network. A faster pace of transformation towards mobile and online banking models could require changes in the Group's commercial banking strategy, including the closure or sale of some branches and the restructuring of others and its employees. These changes could mean losses in these assets and force increases in expenses to renovate, reconfigure or close branches and transform the Group's commercial network. Failure to effectively implement such changes could have a material adverse impact on the Group's competitive position.

The Group faces risks related to its acquisitions and divestitures

The Group has carried out both acquisitions and sale transactions of relevant entities and businesses over the past few years and plans to participate in these types of transactions in the future. As of the date of this Information Memorandum, the corresponding regulatory authorisations for the sale of BBVA's interest in BBVA USA Bancshares, Inc., and indirectly the sale of the bank, BBVA USA, are pending as well as those for the sale of BBVA's interest in Banco Bilbao Vizcaya Argentaria Paraguay, S.A. (**BBVA Paraguay**)

However, the planned transactions may not be completed on time or at a reasonable cost, or may have a different outcome than expected. In addition, it is possible that transactions desired by the Group may not be carried out. Transactions of this type typically involve the integration of operations, technologies and teams with different cultures, objectives and values, which is a challenge in itself. Furthermore, the Group's results could also be adversely affected by expenses related to the acquisition or divestment itself, the amortisation of expenses related to intangible assets, and impairment charges on long-term assets, including associated goodwill. As of 30th September, 2020, the goodwill recorded by the Group amounted to €2,611 million.

In some cases, acquisition or divestment transactions give rise to joint ventures with third parties, which exposes the Group to other risks, such as the existence of disagreements with its partners, as well as the possible exposure of the Group to problems faced by those partners.

In addition, acquisition and sale transactions expose the Group to the risk of being involved in litigation or claims by the Group's counterparties in such transactions, dismissed employees, customers or third parties. In addition, with respect to divestments, the Group could be required to indemnify the purchaser with respect to such litigation or claims or other matters. Any of these factors could have a significant adverse impact on the Group's business, financial position and results of operations.

The Group faces risks derived from its international geographic diversification and its significant presence in emerging countries

The Group is made up of commercial banks, insurance companies and other financial services companies in various countries and its performance as a global business depends on its ability to manage its different businesses under various economic, social and political conditions, facing different normative and regulatory requirements in many of the jurisdictions in which it operates (including, among others, different supervisory regimes and different fiscal and legal regimes regarding the repatriation of funds or the nationalisation or expropriation of assets). In addition, the Group's international operations may expose it to risks and challenges to which its local competitors may not be exposed, such as currency risks (as of 31st December, 2019, approximately 48.1 per cent. of the Group's assets and 45.5 per cent. of the liabilities, were denominated in currencies other than the euro), the difficulty in managing or supervising a local entity from

abroad, political risks (which could only affect foreign investors) or limitations on the distribution of dividends, thus worsening its position compared to that of local competitors.

There can be no guarantee that the Group will be successful in developing and implementing policies and strategies in all of the countries in which it operates, some of which have experienced significant economic, political and social volatility in recent decades. In particular, the Group has significant operations in several emerging countries, such as Mexico and Turkey, and is therefore vulnerable to the deterioration of these economies. Emerging markets are generally affected by the situation of other commercially or financially related markets and by the evolution of global financial markets in general (they may be affected, for example, by the evolution of interest rates in the United States and the exchange rate of the US dollar), as well as, in some cases, due to fluctuations in the prices of commodities. The perception that the risks associated with investing in emerging economies have increased, in general, or in emerging markets where the Group operates, in particular, could reduce capital flows to those economies and negatively affect such economies.

The Group's activity in emerging countries could also be exposed to additional political risks. For example, the Group's activities in Venezuela (which is an economy that is considered to be highly inflationary and so the financial statements of the Group entities located in Venezuela are adjusted to correct for the effects of inflation in accordance with IAS 29 "Financial Information in hyperinflationary economies") are subject to a high risk of changes in government policies, such as expropriation, nationalisation, international property legislation, interest rate limits, exchange controls, government restrictions on dividends and fiscal policies.

Financial Risks

The Issuer has a continuous demand for liquidity to finance its activities and the withdrawal of deposits or other sources of liquidity could significantly affect it

Traditionally, one of the Group's main sources of financing has been savings accounts and demand deposits. As of 30th September, 2020, the balance of customer deposits represented 72 per cent. of the Group's total financial liabilities at amortised cost. However, the volume of wholesale and retail deposits can fluctuate significantly, including as a result of factors beyond the Group's control, such as general economic conditions, changes in economic policy or administrative decisions that diminish their attractiveness as savings instruments (for example, as a consequence of changes in taxation, coverage by guarantee funds for deposits or expropriations) or competition from other savings or investment instruments (including deposits from other banks).

Likewise, the Group depends on market confidence for its short and long-term wholesale financing. In this regard, increases in the Group's interest rates and credit spreads could significantly increase its financing cost. Changes in credit spreads are motivated by market factors and may be influenced by the market's perception of the Group's solvency. As of 30th September, 2020, the balance of debt securities issued represented 12.2 per cent. of the total financial liabilities at amortised cost of the Group.

In addition, the Group has made and continues to make significant use of public sources of liquidity, such as the European Central Bank's (ECB) extraordinary measures taken in response to the financial crisis since 2008 or those taken in the face of the crisis caused by the COVID-19 pandemic. The relaxation of the conditions of the Targeted Long Term Refinancing Operations (TLTRO) III have increased the maximum amount that BBVA could receive from €21,000 million to €35,000 million, of which at 30th September, 2020, €35,000 million had been made available to BBVA (€7,000 million as of each of December 2019 and September 2020, and €21,000 as of June 2020, with three amortisations of the TLTRO II programme for an amount of €9,700 million as of December 2019 and €7,000 million as of each of March 2020 and September 2020). However, the conditions of this or other programmes could be revised or these programmes could be cancelled.

In the event of a withdrawal of deposits or other sources of liquidity, especially if it is sudden or unexpected, the Group may not be able to finance its financial obligations or meet the minimum liquidity requirements

that apply to it, and may be forced to incur higher financial costs, liquidate assets and take additional measures to reduce their level of leverage. Furthermore, the Issuer could be subject to the adoption of early action measures or, ultimately, to the adoption of a resolution measure by the Relevant Spanish Resolution Authority (see “*Regulatory Framework – Resolution*”).

The Issuer and some of its subsidiaries depend on their credit ratings, as well as that given to the sovereign debt of the Kingdom of Spain

Rating agencies periodically review the Group's debt credit ratings. Any reduction, effective or anticipated, in any such ratings of the Group, whether below investment grade or otherwise, could limit or impair the Group's access to capital markets and other possible sources of liquidity and increase the Group's financing cost, and even entail the breach of certain contracts or generate additional obligations under those contracts, such as the need to grant additional guarantees (due to the fact that credit ratings are used in some contracts to trigger default and early maturity provisions or the granting of additional guarantees if the relevant ratings fall below certain levels). The Group estimates that if at 31st December, 2019, all the rating agencies had downgraded the Issuer's long-term senior debt rating by one notch, it would have had to provide additional guarantees/collateral amounting to €61 million in accordance with the derivative contracts and other financial contracts that it has entered into. A hypothetical two-notch downgrade would have involved an additional outlay of €103 million in additional guarantees/collateral. Furthermore, if the Group were required to cancel its derivative contracts with some of its counterparties and were unable to replace them, its market risk could worsen. Likewise, a reduction in the credit rating could affect the Group's ability to sell or market some of its products or to participate in certain operations, and could lead to the loss of customer deposits and make third parties less willing to carry out commercial operations with the Group (especially those that require a minimum credit rating to invest), having a significant adverse impact on the Group's business, financial condition and results of operations.

On the other hand, the Group's credit ratings could be affected by variations in the rating of Spanish sovereign debt. The Group holds a significant portfolio of debt issued by the Kingdom of Spain, by the Spanish autonomous communities and by other Spanish issuers. As of 30th September, 2020 and 31st December, 2019, the Group's exposure to the Kingdom of Spain's public debt portfolio was €47,502 and €50,905 million, respectively, representing 7 per cent. and 7 per cent. of the consolidated total assets of the Group, respectively. Any decrease in the credit rating of the Kingdom of Spain could negatively affect the valuation of the respective debt portfolios held by the Group and lead to a reduction in the Group's credit ratings. Additionally, counterparties to many of the credit agreements signed with the Group could also be affected by a decrease in the credit rating of the Kingdom of Spain, which could limit their ability to attract additional resources or otherwise affect their ability to pay their outstanding obligations to the Group.

As a consequence of the COVID-19 pandemic, some rating agencies have reviewed the Group's credit ratings or trends. Specifically, on 22nd June, 2020 Fitch announced the modification of BBVA's senior preferred debt long-term rating to A- with stable outlook from A with Rating Watch Negative. On 1st April, 2020, DBRS confirmed BBVA's long-term rating of A (High) and maintained the outlook as stable. On 29th April, 2020 S&P confirmed BBVA's long-term rating of A- and maintained its negative outlook. There may be more ratings actions and changes in BBVA's credit ratings in the future as a result of the crisis caused by the COVID-19 pandemic.

The Issuer's ability to pay dividends depends, in part, on the receipt of dividends from its subsidiaries

As of 31st December, 2019, dividend income from the subsidiaries of the Issuer represented 38 per cent. of the Issuer's gross margin. Due, in part, to the Group's decision to follow a 'Multiple Point of Entry' strategy, in accordance with the framework for the resolution of financial entities designed by the FSB, the Group's subsidiaries are self-sufficient and each subsidiary is responsible for managing its own liquidity. This means that the payment of dividends, distributions and advances by the Issuer's subsidiaries depends not only on the results of those subsidiaries, but also on the context of their operations and liquidity needs, and may further be limited by legal, regulatory and contractual restrictions. For example, the repatriation of dividends from the Group's Argentine subsidiary has been subject to certain restrictions and it cannot be guaranteed

that new restrictions will not be imposed again in the future. Furthermore, the Issuer's right, as a shareholder, to participate in the distribution of assets resulting from the eventual liquidation or any reorganisation of its subsidiaries will be effectively subordinated to the rights of the creditors of those subsidiaries, including their commercial creditors.

On the other hand, the Group (including the Issuer) must comply with certain capital requirements, where non-compliance could lead to the imposition of restrictions or prohibitions on making any: (i) distributions relating to CET1 capital; (ii) payments related to variable remuneration or discretionary pension benefits; and (iii) distributions linked to additional tier 1 (AT1) instruments (collectively, **discretionary payments**). Likewise, the ability of the Issuer and its subsidiaries to pay dividends is conditioned by the recommendations and requirements of their respective supervisors, such as those made in response to the COVID-19 pandemic. In this regard, on 30th April, 2020, the Issuer announced that it had agreed to modify, for the financial year 2020, the Group's shareholder remuneration policy, opting not to pay any amount as a dividend corresponding to the financial year 2020 until the uncertainties generated by the COVID-19 pandemic no longer remain and, in any case, not before the close of the 2020 fiscal year.

Legal, Regulatory, Tax and Compliance Risks

Legal Risks

The Group is party to a number of legal and regulatory actions and proceedings

The financial sector faces an environment of increasing regulatory and litigious pressure, and thus the various Group entities are usually party to individual or collective judicial proceedings (including class actions) resulting from their activity and operations, as well as arbitration proceedings. The Group is also party to other government procedures and investigations, such as those carried out by the antitrust authorities in certain countries which, among other things, have in the past and could in the future result in sanctions, as well as lead to claims by customers and others. In addition, the regulatory framework, in the jurisdictions in which the Group operates, is evolving towards a supervisory approach more focused on the opening of proceedings while some regulators are focusing their attention on consumer protection and behavioural risk.

In Spain and in other jurisdictions where the Group operates, legal and regulatory actions and proceedings against financial institutions, prompted in part by certain judgments in favour of consumers handed down by national and supranational courts, have increased significantly in recent years and this trend could continue in the future. The legal and regulatory actions and proceedings faced by other financial institutions in relation to these and other matters, especially if such actions or proceedings result in favourable resolutions for the consumer, could also adversely affect the Group.

All of the above may result in a significant increase in operating and compliance costs or even a reduction of revenues, and it is possible that an adverse outcome in any proceedings (depending on the amount thereof, the penalties imposed or the procedural or management costs for the Group) could damage the Group's reputation, generate a knock-on effect or otherwise adversely affect the Group.

It is difficult to predict the outcome of legal and regulatory actions and proceedings, both those to which the Group is currently exposed and those that may arise in the future, including actions and proceedings relating to former Group subsidiaries or in respect of which the Group may have indemnification obligations, but such outcome could be significantly adverse to the Group. In addition, a decision in any matter, whether against the Group or against another credit entity facing similar claims as those faced by the Group, could give rise to other claims against the Group. In addition, these actions and proceedings attract resources from the Group and may require significant attention on part of the Group's management and employees.

As of 30th September, 2020, the Group had €695 million in provisions for the proceedings it is facing (which are included in the line item "Provisions for taxes and other legal contingencies" in the consolidated balance sheet). However, the uncertainty arising from these proceedings (including those for which no provisions have been made, either because it is not possible to estimate any such provisions or for other reasons) makes

it impossible to guarantee that the possible losses arising from such proceedings will not exceed, where applicable, the amounts that the Group currently has provisioned and, therefore, could affect the Group's consolidated results in a given period.

As a result of the above, legal and regulatory actions and proceedings currently faced by the Group or to which it may become subject in the future or is otherwise affected by, whether individually or in the aggregate, if resolved in whole or in part adversely to the Group's interests, could have a material adverse effect on the Group's business, financial condition and results of operations.

Regulatory, Tax and Compliance Risks

The financial services sector is one of the most regulated in the world. The Group is subject to a broad regulatory and supervisory framework, which has increased significantly in the last decade. Regulatory activity in recent years has affected multiple areas, including changes in accounting standards; strict regulation of capital, liquidity and remuneration; bank charges and taxes on financial transactions; mortgage regulations, on banking products, and on consumers and users; recovery and resolution measures; stress tests; prevention of money laundering and terrorist financing; market abuse; conduct in the financial markets; anti-corruption; and requirements as to the periodic publication of information. Governments, regulatory authorities and other institutions continually make proposals to strengthen their resistance to future crises.

Furthermore, the international nature of its operations means that the Group is subject to a wide and complex range of local and international regulations in these matters, sometimes with overlapping scopes and areas regulated. This complexity, which can be exacerbated by differences and changes in the interpretation or application of these standards by local authorities, makes compliance risk management difficult, which requires automated systems, highly sophisticated monitoring, qualified personnel and general training of employees.

Any change in the Group's business that is necessary to comply with any particular regulations at any time, especially in Spain, Mexico, the United States or Turkey, could lead to a considerable loss of income, limit the Group's ability to identify business opportunities, affect the valuation of its assets, force the Group to increase its prices and, therefore, reduce the demand for its products, impose additional costs on the Group or otherwise negatively affect its business, financial condition and results of operations.

The Group is subject to a broad regulatory and supervisory framework, including resolution regulations, which could have a significant adverse effect on its business, financial condition and results of operations

The Group is subject to a comprehensive regulatory and supervisory framework the complexity and scope of which has increased significantly since the previous financial crisis and the upward trend in such increased complexity and scope could be reinforced by the crisis caused by the COVID-19 pandemic. In particular, the banking sector is subject to continuous scrutiny at the political and supervisory levels, and it is foreseeable that in the future there will continue to be political involvement in regulatory and supervisory processes, as well as in the governance of the main financial entities. For this reason, the laws, regulations and policies to which the Group is subject, as well as their interpretation and application, may change at any time, and supervisors and regulators also have a wide margin of discretion to carry out their duties, which gives rise to uncertainty regarding the interpretation and implementation of the regulatory framework. Likewise, regulatory fragmentation and the implementation by some countries of more flexible or stricter rules or regulations could also adversely affect the Group's ability to compete with financial institutions that may or may not have to comply with any such rules or regulations, as appropriate.

The regulatory amendments adopted or proposed, as well as their interpretation or application, have increased and may continue to substantially increase the Group's operating expenses and negatively affect its business model. For example, the imposition of prudential capital standards has limited and could further limit the ability of subsidiaries to distribute capital to the Issuer, while liquidity standards may require the Group to hold a higher proportion of its assets in financial instruments with higher liquidity and lower performance, which can negatively affect its net interest margin. In addition, the Issuer's regulatory and

supervisory authorities may require the Issuer to increase its loan loss provision fund or register additional losses, which could have an adverse effect on its financial condition. It is also possible that governments and regulators impose additional regulations ad hoc in response to a crisis such as the one unleashed by the COVID-19 pandemic or for other reasons, which could imply the imposition of financing requirements by credit institutions to different entities such as, for example, the contribution that BBVA must make to finance the Fund for Orderly Bank Restructuring (*Fondo de Restructuración Ordenada Bancaria*) (the **FROB**) or the Single Resolution Board (**SRB**).

Any legislative or regulatory measure and any necessary change in the Group's business operations, as a consequence of such measures, as well as any deficiency in complying with them, could result in a significant loss of income, represent a limitation on the ability of the Issuer to take advantage of business opportunities and offer certain products and services, affect the value of the Group's assets, force the Group to increase prices (which could reduce the demand for its products), impose additional compliance costs or result in other possible negative effects for the Group.

Finally, within the regulatory amendments adopted as a result of the last financial crisis, the resolution regulations (which are described in “*Regulatory Framework – Resolution*”) stand out for their potential adverse consequences. In the event that the Relevant Spanish Resolution Authority considers that the Issuer is in a situation of early action or resolution, it may adopt the measures provided for in the applicable regulations.

In addition, the Relevant Spanish Resolution Authority can exercise the competences and powers described without prior notice, so their application is unpredictable. The consideration by the Relevant Spanish Resolution Authority that the Issuer is in an early action or resolution situation or its mere suggestion could adversely and significantly affect the Group's business, financial condition and results of operations, as well as the market price and behaviour of certain securities issued by the Issuer (or even their terms, in the event of an application of the Spanish Bail-in-Power). For more information see “*Regulatory Framework – Resolution*”.

Increasingly onerous capital and liquidity requirements may have a material adverse effect on the Group's business, financial condition and results of operations

As described in “*Regulatory Framework – Solvency and Capital Requirements*”, in its capacity as a Spanish credit institution, the Issuer is subject to compliance with a “Pillar 1” solvency requirement, a “Pillar 2” solvency requirement and a “combined buffer requirement” at both the individual and consolidated levels. As a result of the latest Supervisory Review and Evaluation Process (**SREP**) carried out by the ECB, and in accordance with the measures implemented by the ECB on 12th March, 2020, by means of which banks may partially use AT1 and Tier 2 capital instruments in order to fulfil the “Pillar 2” requirement, BBVA must maintain, at a consolidated level, a common equity tier (**CET1**) ratio of 8.59 per cent. and a total capital ratio of 12.75 per cent. Likewise, BBVA must maintain, on an individual level, a CET1 ratio of 7.84 per cent. and a total capital ratio of 12.00 per cent. As of 30th September, 2020, the Issuer's phased-in total capital ratio was 16.66 per cent. on a consolidated basis and 20.85 per cent. on an individual basis, and its CET1 phased-in capital ratio was 11.99 per cent. on a consolidated basis and 15.33 per cent. on an individual basis.

Additionally, as described in “*Regulatory Framework – MREL*”, the Issuer, as a Spanish credit institution, must maintain a minimum level of own funds and eligible liabilities (the **MREL requirement**) in relation to total liabilities and own funds. On 19th November, 2019, the Issuer announced that it had received notification from the Bank of Spain of its MREL, as determined by the SRB. The Issuer's MREL was set at 15.16 per cent. of the total liabilities and own funds of the Issuer's resolution group at a sub-consolidated level from 1st January, 2021. Likewise, of this MREL, 8.01 per cent. of the total liabilities and own funds must be met with subordinated instruments, once the allowance established in the requirement itself has been applied. This MREL is equivalent to 28.50 per cent. of the Risk Weighted Assets (**RWAs**) of the Issuer's resolution group, while the subordination requirement included in the MREL is equivalent to 15.05 per cent. of the RWAs of the Issuer's resolution group, once the corresponding allowance has been applied.

In accordance with the Issuer's estimates and subject to the evolution of the Issuer's resolution group, the current structure of eligible liabilities and own funds of the Issuer's resolution group, together with the implementation of the funding plan of the Issuer for the issuance of eligible liabilities for 2020, subject to market conditions and availability, and after the entry into force of SRM Regulation II (which, among other things, determines the MREL in terms of RWAs and sets forth new transitional periods and deadlines and which BBVA interprets would be applicable to its MREL requirement) will enable the fulfilment of this requirement upon its entry into force.

However, both the total capital and the MREL requirements are subject to change and, therefore, no assurance can be given that the Issuer and/or the Group will not be subject to more stringent requirements at any future time. Likewise, no assurance can be given that the Issuer and/or the Group will be able to fulfil whichever future requirements may be imposed, even if such requirements were to be equal or lower. There can also be no assurances as to the ability of the Issuer and/or the Group to comply with whichever capital target is announced to the market at any given time, which could be negatively perceived by investors and/or supervisors, who could interpret that a lack of capital-generating capacity exists or that the capital structure has deteriorated, either of which could negatively affect the market value or behaviour of whichever securities are issued by the Issuer and/or the Group (and, in particular, any Senior Non-Preferred Notes, Tier 2 Subordinated Notes and any of its other capital instruments) and, therefore, lead to the implementation of new recommendations or requirements regarding "Pillar 2" or (should the Relevant Spanish Resolution Authority interpret that obstacles may exist for the viability of the resolution of the Issuer and /or the Group), MREL.

If the Issuer or the Group failed to comply with its "combined buffer requirement" they would have to calculate its Maximum Distributable Amount (**MDA**) and, until such calculation has been undertaken and reported to the Bank of Spain, the affected entity will not be able to make any discretionary payments. Once the MDA has been calculated and reported, such discretionary payments will be limited to the calculated MDA. Likewise, should the Issuer or the Group not meet the applicable capital requirements, additional requirements of "Pillar 2" or, if applicable, MREL could be imposed. Likewise, upon the entry into force of the EU Banking Reforms, any failure by the Bank or the Group to comply with its "combined buffer requirement" when considered in addition to its MREL could result in the imposition of restrictions or prohibitions on discretionary payments. Additionally, failure to comply with the capital requirements may result in the implementation of early action measures or, ultimately, resolution measures by the resolution authorities.

Regulation (EU) 2019/876 of the European Parliament and of the Council, of May 20, 2019 (as amended, replaced or supplemented at any time, **CRR II**) establishes a binding requirement for the leverage ratio effective from 28th June, 2021 of 3 per cent. of tier 1 capital (as of 30th September, 2020, the phased-in leverage ratio of the Group was 6.68 per cent. and fully loaded it was 6.46 per cent.). Moreover, the EU Banking Reforms (as defined below) include a leverage ratio buffer for financial institutions of global systemic importance (**G-SIBs**) to be met with Tier 1 capital. Any failure to comply with this leverage ratio buffer may also result in the need to calculate and report the MDA, and restrictions on discretionary payments. Moreover, CRR II proposes new requirements that capital instruments must meet in order to be considered AT1 or Tier 2 instruments, including certain grandfathering measures until 28th June, 2025. Once the grandfathering period in CRR II has elapsed, AT1 and/or Tier 2 instruments which do not comply with the new requirements at such date will no longer be considered as capital instruments. This could give rise to shortfalls in regulatory capital and, ultimately, could result in failure to comply with the applicable minimum regulatory capital requirements, with the aforementioned consequences.

Additionally, the implementation of the ECB expectations regarding prudential provisions for NPLs (published on 15th May, 2018) and the ECB's current review of internal models being used by banks subject to its supervision for the calculation of their RWAs could result, respectively, in the need to increase provisions for future NPLs and increases in the Group's capital needs.

Furthermore, the implementation of the Basel III reforms described in "*Regulatory Framework – Solvency and Capital Requirements*" could result in an increase of the Issuer's and the Group's total RWAs and,

therefore, could also result in a decrease of the Issuer's and the Group's capital ratios. Likewise, the lack of uniformity in the implementation of the Basel III reforms across jurisdictions in terms of timing and applicable regulations could give rise to inequalities and competition distortions. Moreover, the lack of regulatory coordination, with some countries bringing forward the application of Basel III requirements or increasing such requirements, could adversely affect an entity with global operations such as the Group and could affect its profitability.

Additionally, should the Total Loss Absorbing Capacity (TLAC) requirements, as described in "*Regulatory Framework – Resolution*", currently only imposed upon G-SIBs, be applicable upon non-G-SIBs entities or should the Issuer once again be classified as a G-SIB, additional minimum requirements similar to MREL could in the future be imposed upon the Issuer.

There can be no assurance that the above capital requirements will not adversely affect the Issuer's or its subsidiaries' ability to make discretionary payments, or result in the cancellation of such payments (in whole or in part), or require the Issuer or such subsidiaries to issue additional securities that qualify as regulatory capital, to liquidate assets, to curtail business or to take any other actions, any of which may have adverse effects on the Group's business, financial condition and results of operations. Furthermore, an increase in capital requirements could negatively affect the return on equity and other of the Group's financial results indicators. Moreover, the Issuer's or the Group's failure to comply with their capital and/or MREL requirements could have a significant adverse effect on the Issuer's business, financial condition and results of operations.

Lastly, the Group must also comply with liquidity and funding ratios. Several elements of the Liquidity Coverage Ratio (LCR) and net stable financing ratio (NSFR) (as such ratios are defined in "*Regulatory Framework – Solvency and Capital Requirements*"), as introduced by national banking regulators and fulfilled by the Issuer, may require implementing changes in some of its commercial practices, which could expose the Issuer to additional expenses (including an increase in compliance expenses), affect the profitability of its activities or otherwise lead to a significant adverse effect over the Issuer's business, financial condition or results of operations. As of 30th September, 2020 and 31st December, 2019, the Group's LCR was 159 per cent. and 129 per cent. respectively. The NSFR was 127 per cent. as of 30th September, 2020 and 120 per cent. as of 31st December, 2019. For further information, see "*Regulatory Framework – Solvency and Capital Requirements*".

The Group is exposed to tax risks that may negatively affect it

The preparation of the Group's tax returns and the process of establishing tax provisions involve the use of estimates and interpretations of tax laws and regulations, which are complex and subject to review by the tax authorities. The size, regional diversity and complexity of some groups and their commercial and financial relationships with both third parties and related parties, as is the case with the Group, require the application and interpretation of a considerable number of laws and tax regulations and criteria that the different administrations and judicial bodies issue, as well as the use of more estimates, indeterminate legal concepts and valuations in order to comply with the tax obligations of the Issuer and all its subsidiaries. Therefore, any error or discrepancy with the tax authorities in any of the jurisdictions in which the Group operates may be subject to prolonged administrative or judicial procedures that may have a material adverse effect on the Group's results of operations in the applicable period.

On the other hand, the governments of different jurisdictions are seeking to identify new fiscal sources, and recently, they have focused with special attention on the financial sector. The Group's presence in different and diverse jurisdictions increases its exposure to the different regulatory and interpretative changes that are implemented from these jurisdictions, which could lead, among other things, to (i) an increase in the types of tax to which the Group is subject, including in response to the demands of various political forces at the national and global level, (ii) changes in the calculation of tax bases, such as the proposal in Spain to limit the exemption on dividends and capital gains contemplated in the proposed General State Budget Law 2021, the approval of which would entail that 5 per cent. of the dividends distributed to Spanish Group companies would have been subject and not exempt to corporate tax or, (iii) the creation of new taxes, like the proposed

Tax Directive for the Financial Transactions Tax (FTT) of the European Commission (which would tax the acquisitions of certain securities, including those issued by the Issuer), may have adverse effects on the business, financial condition and results of operations of the Group. With regard to the Spanish FTT, Law 5/2020, of 15th October, approving the Financial Transaction Tax (Ley 5/2020, de 15 de octubre, del Impuesto sobre Transacciones Financieras) (**Spanish FTT Law**) was published on the Spanish Official State Gazette on 16th October, 2020. The Spanish FTT will come into effect three months later after the publication of the law (i.e. 16th January, 2020).

The Group is exposed to compliance risks

The Group, due to its role in the economy and the nature of its activities, is singularly exposed to certain compliance risks. In particular, the Group must comply with regulations regarding customer conduct, market conduct, the prevention of money laundering and the financing of terrorist activities, the restrictions established by international sanctions programs and anti-corruption laws (including the US Foreign Corrupt Practices Act of 1977 and the UK Bribery Act of 2010), whose violations could carry very significant penalties.

Generally, all these regulations require banking entities to use diligence measures to manage compliance risk; and sometimes, these entities must apply reinforced due diligence measures because they understand that, due to the very nature of the activities they carry out (among others, private banking, money transfer and foreign currency exchange operations), they may present a higher risk of money laundering or terrorist financing.

Although the Group has adopted policies, procedures, systems and other measures to manage compliance risk, it is dependent on its employees and external suppliers for the implementation of these policies, procedures, systems and other measures, and it cannot guarantee that these are sufficient or that the employees (124,110 as of 30th September, 2020) or other persons of the Group or its business partners, agents and/or other third parties with a business or professional relationship with BBVA do not elude or infringe such measures or elude or otherwise infringe current regulations or BBVA's ethics and compliance regulations, acts for which such persons or the Group could be held ultimately responsible and/or that could damage the Group's reputation. Furthermore, the Group may not be able to prevent third parties outside the Group from using the banking network in order to launder money or carry out illegal or inappropriate activities. A further consideration is that financial crimes continually evolve and that emerging technologies, such as cryptocurrencies and blockchain, could limit the Group's ability to track the movement of funds. Additionally, in adverse economic conditions, it is possible that financial crime attempts will increase significantly (as was the case in the US in the face of the previous financial crisis).

In case of breach of the applicable regulations or if the competent authorities consider that the Group does not perform the necessary due diligence inherent to its activities, such authorities could impose limitations on the Group's activities, the revocation of its authorisations and licenses, and economic penalties, in addition to having significant consequences for the Group's reputation, which could have a significant adverse impact on the Group's business, financial condition and results of operations. Furthermore, the Group occasionally conducts investigations related to alleged violations of such laws and regulations, and any such investigation or any related procedure could be time consuming and costly, and its results difficult to predict.

Operational Risks

Attacks, failures or deficiencies in the Group's procedures, systems and security or those of third parties to which the Group is exposed could have a significant adverse impact on the Group's business, financial condition and results of operations, and could be detrimental for its reputation

The Group's activities depend to a large extent on its ability to process and report effectively and precisely on a high volume of highly complex operations with numerous and diverse products and services (by their nature, generally ephemeral), in different currencies and subject to different regulatory regimes. Therefore, it relies on highly sophisticated information technology (IT) systems for data transmission, processing and

storage. However, IT systems are vulnerable to various problems, such as hardware and software malfunctions, computer viruses, hacking, and physical damage to IT centres. BBVA's exposure to these risks has increased significantly in recent years due to the Group's implementation of its ambitious digital strategy (which has allowed the Group to have a pioneering global mobile development platform in the sector, with around 60 per cent. of customers using the bank's digital channels). According to data as of 30th September, 2020, 62 per cent. of the Group's customers are digital and 57 per cent. of customers regularly use their mobile phones to interact with BBVA, and digital sales represent 63.6 per cent. of total sales. BBVA already has more than 500,000 customers registered exclusively through digital channels in Spain, of which more than 50 per cent. did so via mobile. These digital services, as well as the rest of the alternatives that BBVA offers users to become BBVA customers, have become even more important after the COVID-19 outbreak and the decrees of a state of emergency (or similar) in the countries in which the Group operates, which restrict or advise against travel. Currently, one in three new clients chooses digital channels to start their relationship with BBVA. In April 2020, these digital customers exceeded 77 million monthly sessions in the BBVA 'app', making this channel the fastest growing in use. Any attack, failure or deficiency in the Group's systems could, among other things, lead to the misappropriation of funds of the Group's clients or the Group itself and to the unauthorised disclosure, destruction or use of confidential information, as well as preventing the normal operation of the Group, and impairing its ability to provide services and carry out its internal management. In addition, any attack, failure or deficiency could result in the loss of customers and business opportunities, damage to computers and systems, violation of regulations regarding data protection and/or other regulations, exposure to litigation, fines, sanctions or interventions, loss of confidence in the Group's security measures, damage to its reputation, reimbursements and compensation, and additional regulatory compliance expenses and could have a significant adverse impact on the Group's business, financial condition and results of operations. Furthermore, it is possible that such attacks, failures or deficiencies will not be detected on time or never. The Group is likely to be forced to spend significant additional resources to improve its security measures in the future. Even so, the Group may not be able to anticipate or prevent all possible vulnerabilities, nor to implement preventive measures that are effective or sufficient. In particular, cyberattacks are becoming increasingly sophisticated and difficult to prevent.

Customers and other third parties to which the Group is significantly exposed, including the Group's service providers (such as data processing companies to which the Group has outsourced certain services), face similar risks (especially under the current COVID-19 pandemic, as mentioned in "*Risk Factors - The coronavirus (COVID-19) pandemic is adversely affecting the Group*" above). Any attack, failure or deficiency that may affect such third parties could, among other things, adversely affect the Group's ability to carry out operations or provide services to its clients or result in the unauthorised disclosure, destruction or use of confidential information. Furthermore, the Group may not be aware of such attack, failure or deficiency in time, which could limit its ability to react. Moreover, as a result of the increasing consolidation, interdependence and complexity of financial institutions and technological systems, an attack, failure or deficiency that significantly degrades, eliminates or compromises the systems or data of one or more financial institutions could have a significant impact on its counterparts or other market participants, including the Group.

RISKS RELATED TO EARLY INTERVENTION AND RESOLUTION

The Notes may be subject to the exercise of the Spanish Bail-in-Power by the Relevant Spanish Resolution Authority. Other powers contained in Law 11/2015 and the SRM Regulation could materially affect the rights of the Noteholders under, and the value of, any Notes

See "*Regulatory Framework – Resolution*" for a description of the Spanish Bail-in-Power.

The powers set out in the BRRD (which in the case of BRRD I has been implemented through Law 11/2015 and Royal Decree 1012/2015 of 6th November by virtue of which Law 11/2015 is developed and Royal Decree 2606/1996 of 20th December on credit entities' deposit guarantee fund is amended (**RD 1012/2015**)) and the SRM Regulation impact how credit institutions and investment firms are managed, as well as, in certain circumstances, the rights of creditors. Pursuant to Law 11/2015, upon any application of the Spanish Bail-in-Power, holders of Notes may be subject to, among other things, a write-down (including to zero)

and/or conversion into equity or other securities or obligations of such Notes. The exercise of any such powers (or any of the other resolution powers and tools) may result in such Noteholders losing some or all of their investment or otherwise having their rights under such Notes adversely affected. Such exercise could also involve modifications to, or the disapplication of, provisions in the terms and conditions of the Notes, including, among other provisions, the principal amount or any interest payable on the Notes, or the maturity date or any other dates on which payments may be due, as well as the suspension of payments for a certain period. As a result, the exercise of the Spanish Bail-in-Power with respect to the Notes or the taking by the Relevant Spanish Resolution Authority of any other action, or any suggestion that the exercise or taking of any such action may happen, could materially adversely affect the rights of Noteholders, the market price or value or trading behaviour of any Notes and/or the ability of the Issuer to satisfy its obligations under any Notes.

The exercise of the Spanish Bail-in-Power by the Relevant Spanish Resolution Authority with respect to the Notes is likely to be inherently unpredictable and may depend on a number of factors which may also be outside of the Issuer's control. In addition, as the Relevant Spanish Resolution Authority will retain a broad element of discretion, it may exercise any of its powers without any prior notice to the holders of the Notes. Holders of the Notes may not be able to refer to publicly available criteria in order to anticipate any potential exercise of any such Spanish Bail-in-Power. Because of this inherent uncertainty, it will be difficult to predict when, if at all, the exercise of any such powers by the Relevant Spanish Resolution Authority may occur.

This uncertainty may adversely affect the value of the Notes. The price and trading behaviour of the Notes may be affected by the threat of a possible exercise of any power under Law 11/2015 and/or the SRM Regulation (including any early intervention measure before any resolution) or any suggestion of such exercise, even if the likelihood of such exercise is remote. Moreover, the Relevant Spanish Resolution Authority may exercise any such powers without providing any advance notice to the holders of the Notes.

In addition, the EBA has published certain regulatory technical standards and implementing technical standards to be adopted by the European Commission and certain other guidelines. These standards and guidelines could be potentially relevant to determining when or how a Relevant Spanish Resolution Authority may exercise the Spanish Bail-in-Power. Such standards and guidelines include guidelines on the treatment of shareholders in bail-in or the write-down and conversion of capital instruments, and on the rate of conversion of debt to equity or other securities or obligations in any bail-in. No assurance can be given that these standards and guidelines will not be detrimental to the rights of a Noteholder under, and the value of a Noteholder's investment in, the Notes.

Finally, any compensation right to which any holder of the Notes may be entitled under the BRRD (as implemented in Spain), the SRM Regulation and Applicable Banking Regulations as described under "*Regulatory Framework – Resolution*" is unlikely to compensate that holder for the losses it has actually incurred and, in any event, there is likely to be a considerable delay in the recovery of such compensation.

Noteholders may not be able to exercise their rights on a default in the event of the adoption of any early intervention or resolution measure under Law 11/2015 and the SRM Regulation

The Issuer may be subject to a procedure of early intervention or resolution pursuant to the BRRD as implemented through Law 11/2015 and RD 1012/2015 and the SRM Regulation if the Issuer or its group of consolidated credit entities is in breach (or due, among other things, to a rapidly deteriorating financial condition, it is likely in the near future to be in breach) of applicable regulatory requirements relating to solvency, liquidity, internal structure or internal controls or the conditions for resolution referred to in "*Regulatory Framework – Resolution*" are met.).

Pursuant to Law 11/2015 the adoption of any early intervention or resolution procedure shall not itself constitute a default or entitle any counterparty of the Issuer to exercise any rights it may otherwise have in respect thereof and any provision providing for such rights shall further be deemed not to apply. However, this does not limit the ability of a counterparty to exercise its rights accordingly where a default arises either

before or after the exercise of any such early intervention or resolution procedure and does not necessarily relate to the exercise of any relevant measure or power which has been applied pursuant to Law 11/2015.

Any enforcement by a Noteholder of its rights under the Notes following the adoption of any early intervention or resolution procedure will, therefore, be subject to the relevant provisions of the BRRD, Law 11/2015 and the SRM Regulation in relation to the exercise of the relevant measures and powers pursuant to such procedure, including the resolution tools and powers referred to in “*Regulatory Framework – Resolution*”. Any claims of a Noteholder will consequently be limited by the application of any measures pursuant to the provisions of Law 11/2015 and the SRM Regulation. There can be no assurance that the taking of any such action (or any threat or suggestion that such action may be taken) would not adversely affect the rights of Noteholders, the price or value of their investment in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes and the enforcement by a holder of any rights it may otherwise have may be limited in these circumstances.

RISKS RELATED TO NOTES GENERALLY

Set out below is a brief description of material risks relating to the Notes generally:

The Issuer may redeem the Notes for tax reasons. This may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return

An optional redemption feature may limit the market value of the Notes. During any period when the Issuer may elect to redeem Notes, or during which there is an actual or perceived increased likelihood that the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

Should the Issuer elect to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes, an investor generally would not be able to reinvest the redemption proceeds at such times at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

It is not possible to predict whether or not any further change in the laws or regulations of Spain or the application or binding official interpretation thereof, or any of the other events referred to above, will occur and so lead to the circumstances in which the Issuer is able to elect to redeem the Notes, and if so whether or not the Issuer will elect to exercise such option to redeem the Notes. There can be no assurances that, in the event of any such early redemption, Noteholders will be able to reinvest the proceeds at a rate that is equal to the return on the Notes.

Claims of Holders under the Notes are effectively junior to those of certain other creditors

The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer, representing, in the case of each Note, a separate and independent obligation of the Issuer, and, upon the insolvency (*concurso de acreedores*) of the Issuer, in accordance with and to the extent permitted by the Insolvency Law and other applicable laws relating to or affecting the enforcement of creditors' rights in Spain (including, without limitation, Additional Provision 14.2 of Law 11/2015), the payment obligations of the Issuer under the Notes with respect to claims for principal (which claims will constitute ordinary claims) will rank: (i) junior to any (A) privileged claims (*créditos privilegiados*) (which shall include, among other claims, any claims in respect of deposits for the purposes of Additional Provision 14.1 of Law 11/2015) and (B) claims against the insolvency estate (*créditos contra la masa*); (ii) *pari passu* without any preference or priority among themselves and with all other Senior Preferred Obligations; and (iii) senior to (A) any Senior Non-Preferred Obligations and (B) all subordinated obligations of, or subordinated claims against, the Issuer (*créditos subordinados*), present and future. Terms used in this paragraph have the meanings given to them in “*Overview of the Terms of the Programme*”.

Upon insolvency, the obligations of the Issuer under the Notes will be effectively subordinated to all of the Issuer's secured indebtedness, to the extent of the value of, or the proceeds realised from, the assets securing such indebtedness. The Notes are further structurally subordinated to all indebtedness of subsidiaries of the Issuer insofar as any right of the Issuer to receive any assets of such companies upon their winding up will be effectively subordinated to the claims of the creditors of those companies in the winding-up.

Moreover, the BRRD, Law 11/2015 and the SRM Regulation contemplate that Notes may be subject to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority. This may involve the variation of the terms of the Notes or a change in their form, if necessary, to give effect to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority. See *"Risks related to Early Intervention and Resolution – The Notes may be subject to the exercise of the Spanish Bail-in-Power by the Relevant Spanish Resolution Authority. Other powers contained in Law 11/2015 and the SRM Regulation could materially affect the rights of the Noteholders under, and the value of, any Notes"* and *"Regulatory Framework – Resolution"*

Spanish Tax Rules

Article 44 of RD 1065/2007 sets out the reporting obligations applicable to preference shares and debt instruments issued under Law 10/2014. The procedures apply to interest deriving from preference shares and debt instruments to which Law 10/2014 refers, including debt instruments issued at a discount for a period equal to or less than twelve months.

According to the literal wording of Article 44.5 of RD 1065/2007 income derived from securities originally registered with the entities that manage clearing systems located outside Spain, and are recognised by Spanish law or by the law of another OECD country (such as the Depository Trust Company (DTC), Euroclear or Clearstream, Luxembourg), will be paid free of Spanish withholding tax provided that the Paying Agent appointed by the Issuer submits a statement to the Issuer, the form of which is included in the Agency Agreement, with the following information:

- (i) identification of the securities;
- (ii) payment date;
- (iii) total amount of income paid on the relevant date; and
- (iv) total amount of the income corresponding to each clearing system located outside Spain.

These obligations refer to the total amount paid to investors through each foreign clearing house.

In accordance with Article 44.5 of RD 1065/2007 the relevant Issuing and Paying Agent should provide the Issuer with the statement on the business day immediately prior to each interest payment date. The statement must reflect the situation at the close of business of that same day. In the event that on such date, the entity obliged to provide the declaration fails to do so, the Issuer or the Issuing and Paying Agent on its behalf will make a withholding at the general rate of 19 per cent.

If, before the tenth day of the month following the month in which interest is paid, the obliged entity provides the statement, the Issuer will reimburse the amounts withheld.

Prospective investors should note that the Issuer does not accept any responsibility in relation to any failure in the delivery of the relevant statement by the Issuing and Paying Agent in connection with each payment of interest under the Notes. Accordingly, the Issuer will not be liable for any damage or loss suffered by any beneficial owner who would otherwise be entitled to an exemption from Spanish withholding tax but whose payments are nonetheless paid net of Spanish withholding tax because the relevant statement was not duly delivered to the Issuer. Moreover, the Issuer will not pay any additional amounts with respect to any such withholding tax.

In the event that the currently applicable procedures are modified, amended or supplemented by, among other things, any Spanish law, regulation, interpretation or ruling of the Spanish tax authorities, the Issuer will notify the Noteholders of such information procedures and their implications, as the Issuer may be required to apply withholding tax on interest payments in respect of the Notes if the Noteholders do not comply with such information procedures.

General

The procedure described in this Information Memorandum for the provision of information required by Spanish laws and regulations is a summary only, and none of the Issuer, the Arranger or the Dealers, assumes any responsibility therefore. In the event that the currently applicable procedures are modified, amended or supplemented by, among other things, any Spanish law, regulation, interpretation or ruling of the Spanish tax authorities, the Issuer will notify the Noteholders of such information procedures and their implications, as the Issuer may be required to apply withholding tax on interest payments in respect of the Notes if the Noteholders do not comply with such information procedures.

The rights of Noteholders could be adversely affected by a change in Spanish law, English law or administrative practice

The terms and conditions of the Notes (except for the status of the Notes) are based on English law in effect as at the date of this Information Memorandum. No assurance can be given as to the impact of any possible judicial decision or change to Spanish and English law or administrative practice after the date of this Information Memorandum and any such change could materially adversely impact the rights of any Noteholders.

Reliance on Euroclear and Clearstream, Luxembourg procedures

The Notes will be represented on issue by a Global Note that will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Pricing Supplement, investors will not be entitled to receive Notes in definitive form. Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in the Global Note. While the Notes are represented by the Global Note, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg and their respective participants.

While the Notes are represented by the Global Notes, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Risks related to the market generally

Set out below is a brief description of the material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

An active secondary market in respect of the Notes may never be established or may be illiquid and the market price of the Notes may be subject to factors outside of the Issuer's control, all of which could adversely affect the value at which an investor could sell his Notes

The Notes may have no established trading market when issued, and one may never develop. If an active trading market does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected. If a market does develop, it may not be very liquid. The market price of the Notes could also be affected by market conditions more generally and other factors outside of the Issuer's control and unrelated to the Group's business, financial condition and results of operations. Therefore, investors may not be able to sell their Notes at a particular time or may not be able to sell their Notes at a favourable price.

Although applications have been made for Notes issued under the Programme to be admitted to the Official List and to trading on the Regulated Market, there is no assurance that such applications will be accepted, that any particular issue of Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular issue of Notes. The liquidity of any market for the Notes will depend on a number of factors including:

- the number of holders of the Notes;
- the Issuer's ratings published by major credit rating agencies;
- the Issuer's financial performance;
- the market for similar securities;
- the interest of securities dealers in making a market in the Notes; and
- prevailing interest rates.

No assurance can be given that an active market for the Notes will develop or, if developed, that it will continue.

If an investor holds Notes which are not denominated in the investor's home currency, that investor will be exposed to movements in exchange rates adversely affecting the value of its holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes

The Issuer will pay principal and interest on the Notes in the Specified Currency (as specified in the applicable Pricing Supplement). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency and/or the Specified Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of fixed rate Notes may be adversely affected by movements in market interest rates

Investment in fixed rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the fixed rate Notes, this will adversely affect the market value of the fixed rate Notes as the return realised on the fixed rate Notes may then be less than the return an investor could realise from another equivalent investment at the relevant time.

Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes

One or more independent credit rating agencies may assign credit ratings to the Notes (including on an unsolicited basis). The ratings may not reflect the potential impact of all risks related to structure and market of the Notes and additional factors discussed above and do not address the price, if any, at which the Notes may be resold prior to maturity (which may be substantially less than the original offering price of the Notes) and other factors that may affect the value of the Notes. However, real or anticipated changes in the Issuer's credit ratings or the credit ratings of the Notes will generally affect the market value of the Notes. Such change may, among other factors, be due to a change in the methodology applied by a rating agency to rating securities with similar structures to the Notes, as opposed to any revaluation of the Issuer's financial strength or other factors such as conditions affecting the financial services industry generally.

A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European (including the UK) regulated investors are restricted under Regulation (EU) No 1060/2009, as amended (the **CRA Regulation**) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU or the UK and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). If the status of the rating agency rating the Notes changes, European (including UK) regulated investors may no longer be able to use the rating for regulatory purposes and the Notes may have a different regulatory treatment. This may result in European (including UK) regulated investors selling the Notes which may impact the value of the Notes and any secondary market.

DESCRIPTION OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

HISTORY AND DEVELOPMENT OF THE ISSUER

BBVA's predecessor bank, BBV (Banco Bilbao Vizcaya), was incorporated as a public limited company (a *sociedad anónima* or S.A.) under the Spanish Corporations Law on 1st October, 1988. BBVA was formed following the merger of Argentaria into BBV (Banco Bilbao Vizcaya), which was approved by the shareholders of each entity on 18th December, 1999 and registered on 28th January, 2000. It conducts its business under the commercial name "BBVA". BBVA is registered with the Commercial Registry of Vizcaya (Spain) (volume 2,083, Folium 1, Page BI-17.A, first inscription). It has its registered office at Plaza de San Nicolás 4, Bilbao, Spain, 48005, and has its main place of business at Calle Azul, 4, 28050, Madrid, Spain (telephone number: +34 91 374 6201). BBVA is incorporated for an unlimited term. The Legal Entity Identifier (LEI) of BBVA is K8MS7FD7N5Z2WQ51AZ71. The website of the Issuer is <https://www.bbva.com/en/>. The information contained in such web page shall not be deemed to constitute a part of this Information Memorandum unless specifically incorporated by reference.

BBVA's corporate purpose contained in article 3 of its bylaws is to engage in all kinds of activities, operations, acts, contracts and services within the banking business or directly or indirectly related to it, that are permitted or not prohibited by prevailing provisions and any ancillary activities. Its corporate purpose also includes the acquisition, holding, utilisation and divestment of securities, public offerings to buy and sell securities, and any kind of holdings in any company or enterprise.

CAPITAL EXPENDITURES

BBVA's principal investments are financial investments in its subsidiaries and affiliates. The main capital expenditures from 2018 to the date of this Information Memorandum were the following:

2020 to date

In 2020 to date, there were no significant capital expenditures.

2019

In 2019, there were no significant capital expenditures.

2018

In 2018, there were no significant capital expenditures.

CAPITAL DIVESTITURES

BBVA's principal divestitures are financial divestitures in its subsidiaries and affiliates. The main capital divestitures from 2018 to the date of this Information Memorandum were the following:

2020 to date

Agreement for the sale of 100 per cent. of the capital stock of its subsidiary BBVA USA Bancshares, Inc

On 15th November, 2020, BBVA reached an agreement with the PNC Financial Services Group, Inc. for the sale of 100 per cent. of the capital stock of its subsidiary BBVA USA Bancshares, Inc., which in turn owns all the capital stock of the bank, BBVA USA, as well as other companies of the Group in the United States with activities related to this banking business.

The agreement reached does not include the sale of the institutional business of the Group developed through its broker dealer BBVA Securities Inc. nor the participation in Propel Venture Partners US Fund I, L.P. (together, the **Excluded Business**). The Excluded Business will be transferred by BBVA USA Bancshares, Inc. to entities of the Group prior to the closing of the transaction. In addition, BBVA will continue to develop the wholesale business that it currently carries out through its branch in New York.

The price of the transaction amounts to approximately USD 11,600 million (approximately equivalent to €9,700 million at the EUR/USD exchange rate of 1.20). The price will be fully paid in cash.

It is expected that the transaction will result in a positive impact on the Group's CET1 (fully loaded) ratio of approximately 300 basis points and positive results (net of taxes) of approximately €580 million¹.

The closing of the transaction is subject to obtaining regulatory authorisations from the competent authorities.

Agreement for the alliance with Allianz, Compañía de Seguros y Reaseguros, S.A.

On 27th April, 2020, BBVA reached an agreement with Allianz, Compañía de Seguros y Reaseguros, S.A. to create a bancassurance joint venture in Spain including a long-term exclusive distribution agreement for the sale of property-casualty insurance products through BBVA's banking network in Spain. BBVA will transfer its non-life insurance business in Spain, excluding the health insurance line, to the new joint venture. Excluding a variable part of the price to be paid by Allianz (which may amount to up to €100 million related to achieving specific business goals and attaining certain milestones), it is expected that the transaction will generate a profit net of taxes amounting to approximately €300 million, and that the positive impact on the fully loaded CET1 capital ratio of the Group will be approximately 7 basis points. The relevant regulatory authorisations have been obtained but the closing of the transaction is pending completion.

2019

Sale of BBVA's stake in BBVA Paraguay

On 7th August, 2019, BBVA reached an agreement with Banco GNB Paraguay, S.A., a subsidiary of Grupo Financiero Gilinski, for the sale of its wholly-owned subsidiary, Banco Bilbao Vizcaya Argentaria Paraguay, S.A. (**BBVA Paraguay**).

The consideration for the sale of BBVA's stake in BBVA Paraguay amounts to approximately USD 250 million.

It is estimated that the transaction will not have a significant impact on Group's attributable profit and the positive impact on the CET1 (fully loaded) of the Group will be approximately 6 basis points.

The closing of the transaction is subject to obtaining the relevant regulatory authorisations from the competent authorities.

Sale of BBVA's stake in BBVA Chile

On 28th November, 2017, BBVA received a binding offer (the **Offer**) from The Bank of Nova Scotia group (**Scotiabank**) for the acquisition of BBVA's stake in Banco Bilbao Vizcaya Argentaria Chile, S.A. (**BBVA Chile**) as well as in other companies of the Group in Chile with operations that are complementary to the

¹ The determination of the impact on Common Equity Tier 1 and the financial results was made taking into consideration the Group's financial statements as of 30th September, 2020 and a EUR/USD exchange rate of 1.20. The amount of the impact on Common Equity Tier 1 and the financial results will vary from the date of this Information Memorandum up to the date of closing of the transaction due to, among other circumstances, changes in the book value of the companies included in the transaction and changes in the EUR/USD exchange rate

banking business in Chile (amongst them, BBVA Seguros de Vida, S.A.). BBVA owned, directly and indirectly, 68.19 per cent. of BBVA Chile's share capital. On 5th December, 2017, BBVA accepted the Offer and entered into a sale and purchase agreement and the sale was completed on 6th July, 2018.

The consideration received in cash by BBVA in the referred sale amounted to USD 2,200 million. The transaction resulted in a capital gain net of taxes of €633 million, which was recognised in 2018.

Agreement for the creation of a joint-venture and transfer of real estate business in Spain

On 29th November, 2017, BBVA reached an agreement with Promontoria Marina, S.L.U. (**Promontoria**), a company managed by Cerberus, for the creation of a "joint venture" to which an important part of the Group's real estate business in Spain (the **Spanish Real Estate Business**) was transferred.

The Spanish Real Estate Business comprised of (i) foreclosed real estate assets (**REOs**) held by BBVA on 26th June 2017, with a gross book value of €13,000 million, and (ii) the necessary assets and employees to manage the Spanish Real Estate Business in an autonomous manner. For the purposes of the transaction with Cerberus, the Spanish Real Estate Business was valued at approximately €5,000 million.

On 10th October, 2018, after obtaining all the required authorisations, BBVA completed the transfer of the Spanish Real Estate Business (except for a part of the agreed REOs which were contributed after that date once the relevant conditions precedent were fulfilled) to Divarian and the sale of 80 per cent. of the shares of Divarian to Promontoria. Following the closing of the transaction, BBVA retained 20 per cent. of the share capital of Divarian.

As of 31st December, 2018, the transaction did not have a significant impact on the Group's attributable profit or CET 1 (fully loaded).

Sale of BBVA's stake in Testa

On 14th September, 2018, BBVA and other shareholders of Testa entered into an agreement with Tropic Real Estate Holding, S.L. (a company which is advised and managed by a private equity investment group controlled by Blackstone Group International Partners LLP) pursuant to which BBVA agreed to transfer its 25.24 per cent. interest in Testa to Tropic Real Estate Holding, S.L. The sale was completed on 21st December, 2018.

The consideration received in cash by BBVA from this sale amounted to €478 million.

Sale of non-performing and in default mortgage credits

On 21st December, 2018, BBVA reached an agreement with Voyager Investing UK Limited Partnership, an entity managed by Canada Pension Plan Investment Board, for the transfer of a portfolio of credit rights which is mainly composed of non-performing and in default mortgage credits, with an aggregate outstanding balance amounting to approximately €1,490 million. The transaction was completed during the third quarter of 2019 and resulted in a capital gain, net of taxes, of €138 million and a slightly positive impact on the Group's Common Equity Tier 1 (fully loaded).

BUSINESS OVERVIEW

The Group is a diversified international financial group with a significant presence in retail banking, wholesale banking and asset management. The Group also operates in the insurance sector.

The Group is committed to offering a compelling digital proposition and is focused on increasingly offering products online and through mobile channels, improving the functionality of its digital offerings and refining the customer experience.

Standards and interpretations that became effective in 2020

IFRS 9, IAS 39 and IFRS 7 – Modifications – IBOR Reform

The IBOR Reform (Phase 1) refers to the amendments issued by the IASB on IFRS 9, IAS 39 and IFRS 7 to avoid some accounting hedges having to be discontinued in the period before the reform of the reference rates becomes effective. Group applies IAS 39 for hedge accounting, and therefore the amendments to IFRS 9 referred to in this section do not apply.

In some cases, and/or jurisdictions, there may exist uncertainty about the future of some reference rates or their impact on the entity's contracts, which causes uncertainty about the timing or amounts of cash flows of the hedged instrument or the hedging instrument. Due to such uncertainties, some entities may be forced to discontinue an accounting hedge, or not be able to designate new hedging relationships.

Consequently, the amendments include several temporary simplifications of the requirements for the application of hedge accounting which apply to all hedging relationships that are affected by the uncertainty arising from the reform. A hedging relationship is affected by the reform if it generates uncertainty about the timing or amount of cash flows of the hedged financial instrument or the hedge linked to the specific benchmark. The simplifications refer to the requirements on the highly probable future transaction in cash flow hedges, on prospective and retrospective effectiveness (exemption from compliance with the 80-125 per cent. effectiveness ratio) and on the need to separately identify the risk component.

As the amendment's aim is to provide temporary exceptions to the application of certain specific hedge accounting requirements, these exceptions should terminate once the uncertainty is resolved or the hedge ceases to exist.

The IBOR transition is considered to be a complex initiative, which affects Group in different geographical areas and business lines, as well as in a multitude of products, systems and processes. Therefore, Group has established an IBOR transition program, provided with a robust governance structure by means of an Executive Steering Committee, with representation from senior management of the affected areas, which reports directly to the Group's Global Leadership Team. At the local level, each geography has defined a local governance structure with the participation of senior management. The coordination between geographies is realised through the Project Management Office (PMO) and the Global Working Groups that incorporate a multi-geographic and transversal view on the areas of Legal, Risk, Regulatory, Engineering, Finance and Accounting. The project also involves both corporate assurance of the different geographies and business lines and global corporate assurance of the Group.

The IBOR transition project within Group takes into account the different approaches and timings of transition to the new risk-free rates (**RFRs**) when evaluating the economic, operational, legal, financial, reputational or compliance risks associated with the transition, as well as defining the lines of action to mitigate them. A relevant aspect of this transition is its impact on contracts referenced to LIBOR and EONIA rates that mature after 2021. In this regard, in the case of EONIA, BBVA aims to carry out a novation of the contracts maturing after 2021 (it should be noted that these exposures are immaterial in the Group) and has already proactively begun the renegotiation of collateral contracts to align them to the CCPs' trades which already migrated this July. The Group already has new fallbacks in place which incorporate the €STR as a replacement rate, as well as language to incorporate this benchmark as the main reference rate in new contracts. In the case of LIBOR, there is an additional difficulty related to the uncertainty regarding its future. In anticipation of this, Group has identified the stock of contracts expiring after 2021 and is working on the implementation of tools/systems that will allow the stock to be migrated to solutions such as those proposed by ISDA. Likewise, Group continues to work on adapting all its systems and processes to deal with alternative RFRs, such as SOFR and SONIA. In the case of EURIBOR, the European authorities have supported the continuation of the benchmark interest rate and have encouraged amendments of its methodology so that it complies with the requirements of the European Regulation on Benchmarks. BBVA

actively participates in various working groups, including the EURO RFR Working Group which works specifically, amongst others, on the definition of fallbacks in contracts.

Group has a significant number of financial assets and liabilities referenced to IBOR rates, especially EURIBOR, which are used, among others, in loans, deposits, debt issuances and financial derivatives. Furthermore, although the exposure to EONIA is lower in the banking book, this benchmark interest rate is used in financial derivatives in the trading book, as well as in the collateral agreements and most are booked in Spain. In the case of LIBOR, the USD is the most relevant currency for both cash products and financial derivatives in the banking book and the trading book. Other LIBOR currencies (CHF, GBP and JPY) have a much lower specific weight.

The Group also has cash flow and fair value hedge accounting relationships which are exposed to different IBORs, predominantly EURIBOR, LIBOR in US dollars and to a much lesser degree Sterling LIBOR and other benchmark interest rates. The Group considers that the amendments to IAS 39 and IFRS 7 are applicable when there is uncertainty about future cash flows.

As at 30th September, 2020, the Group considers that, in general, there is no uncertainty regarding EURIBOR as it has been replaced by the hybrid EURIBOR which uses a methodology that meets the standards required by the various international organizations. In the case of accounting hedges which are referenced to other benchmark interest rates, despite the uncertainty, based on the simplifications provided by the standard, the hedging relationships for the nine month period ended 30th September September, 2020, will not be affected by the IBOR reform.

The assumptions made by the Group, based on these simplifications, are that in the case of cash flow hedges it is assumed that the cash flows covered are not modified due to the reform, and therefore continue to meet the requirement that the future transaction must be highly feasible. Likewise, when carrying out the effectiveness test it is assumed that the reference rates are not modified by the reform.

IFRS 16 –Leases – COVID-19 modifications

On 28th May, 2020, the IASB approved an amendment to IFRS 16 to include a practical expedient to the accounting treatment for rent concessions (moratoriums and temporary rent reductions) that occur due to COVID-19.

The amendment permits lessees to account for rent concessions as if they were not lease modifications to the initial ones. It is applicable to rent concessions related to COVID-19, which reduces lease payments before 30th June, 2021. This amendment was effective from 1st June, 2020.

The implementation of this standard has had no significant impact on the Group's consolidated results.

Operating Segments

In 2019, the Group adopted a common global brand through the unification of the BBVA brand as part of its efforts to offer a unique value proposition and a homogeneous customer experience in the countries in which the Group operates.

Set forth below are the Group's current six operating segments:

- Spain;
- United States;
- Mexico;
- Turkey;
- South America; and

- Rest of Eurasia.

In addition to the operating segments referred to above, the Group has a Corporate Center which includes those items that have not been allocated to an operating segment. It includes the Group's general management functions, including costs from central units that have a strictly corporate function; management of structural exchange rate positions carried out by the Financial Planning unit; specific issues of capital instruments to ensure adequate management of the Group's overall capital position; certain proprietary portfolios; certain tax assets and liabilities; certain provisions related to commitments with employees; and goodwill and other intangibles.

The breakdown of the Group's total assets by each of BBVA's operating segments and the Corporate Center as of 30th June 2020, and 31st December, 2019 and 2018 is as follows:

	As of 30th June,	As of 31st December,	
Total Assets by Operating Segment	2020	2019	2018
	(in millions of euros)		
Spain	419,475	365,380	354,901
The United States	101,118	88,529	82,057
Mexico	103,671	109,079	97,432
Turkey	63,525	64,416	66,250
South America	57,891	54,996	54,373
Rest of Eurasia	26,805	23,257	18,834
Subtotal Assets by Operating Segment	772,485	705,656	673,848
Corporate Center and adjustments ⁽¹⁾	(18,661)	(6,967)	2,841
Total Assets Group	753,824	698,690	676,689

(1) Includes balance sheet intra-group adjustments between the Corporate Center and the operating segments.

The following table sets forth information relating to the profit (loss) attributable to the parent company for each of BBVA's operating segments and the Corporate Center for the six months ended 30th June, 2020 and 2019, and the years ended 31st December, 2019 and 2018.

	Profit/(Loss) Attributable to Parent Company				% of Profit/(Loss) Attributable to Parent Company			
	30th June,		31st December,		30th June,		31st December,	
	2020	2019	2019	2018	2020	2019	2019	2018
	(in millions of euros)				(in percentage)			
Spain	88	734	1,386	1,400	7	24	23	24
The United States	26	297	590	736	2	10	10	13
Mexico	654	1,287	2,699	2,367	52	42	45	41
Turkey	266	282	506	567	21	9	8	10
South America	159	404	721	578	13	13	12	10
Rest of Eurasia	66	55	127	96	5	2	2	2
Subtotal operating segments	1,259	3,058	6,029	5,743	100	100	100	100
Corporate Center	(2,416)	(616)	(2,517)	(343)				
Profit (loss) attributable to parent company	(1,157)	2,442	3,512	5,400				

The following table sets forth certain summarised information relating to the income of each operating segment and the Corporate Center for the six months ended 30th June, 2020 and 2019, and the years ended 31st December, 2019 and 2018:

	Operating Segments							
	Spain	The United States	Mexico	Turkey	South America	Rest of Eurasia	Corporate Center	Group
	(in millions of euros)							
June 2020								
Net interest income	1,793	1,133	2,717	1,534	1,443	102	(69)	8,653
Gross income	2,900	1,607	3,550	1,957	1,664	268	98	12,045
Net margin before provisions ⁽¹⁾	1,371	648	2,349	1,394	945	131	(307)	6,533
Operating profit/(loss) before tax	124	15	891	715	297	89	(2,500)	(368)
Profit attributable to parent company	88	26	654	266	159	66	(2,416)	(1,157)
June 2019 ⁽²⁾								
Net interest income	1,763	1,217	3,042	1,353	1,613	85	(132)	8,941
Gross income	2,773	1,615	3,901	1,677	1,994	220	(236)	11,944
Net margin before provisions(1)	1,145	655	2,611	1,084	1,215	78	(718)	6,069
Operating profit/(loss) before tax	1,027	363	1,783	726	847	69	(762)	4,052
Profit attributable to parent company	734	297	1,287	282	404	55	(616)	2,442
December 2019								
Net interest income	3,645	2,395	6,209	2,814	3,196	175	(233)	18,202
Gross income	5,734	3,223	8,029	3,590	3,850	454	(339)	24,542
Net margin before provisions ⁽¹⁾	2,480	1,257	5,384	2,375	2,276	161	(1,294)	12,639
Operating profit/(loss) before tax	1,878	705	3,691	1,341	1,396	163	(2,775)	6,398
Profit attributable to parent company	1,386	590	2,699	506	721	127	(2,517)	3,512
December 2018								
Net interest income	3,698	2,276	5,568	3,135	3,009	175	(269)	17,591
Gross income	5,968	2,989	7,193	3,901	3,701	414	(420)	23,747
Net margin before provisions ⁽¹⁾	2,634	1,129	4,800	2,654	1,992	127	(1,291)	12,045
Operating profit/(loss) before tax ⁽³⁾	1,840	920	3,269	1,444	1,288	148	(1,329)	7,580
Profit attributable to parent company	1,400	736	2,367	567	578	96	(343)	5,400

⁽¹⁾ “Net margin before provisions” is calculated as “Gross income” less “Administration costs” and “Depreciation and amortisation”.

⁽³⁾ The information relating to the Corporate Center has been presented under management criteria pursuant to which “Operating profit/ (loss) before tax” for 2018 excludes the capital gain from the sale of BBVA’s stake in BBVA Chile.

The following tables set forth information relating to the balance sheet of BBVA's operating segments and the Corporate Center as of 30th June, 2020, and 31st December, 2019 and 2018 and adjustments as of 30th June, 2020 and 31st December, 2019 and 2018:

As of 30th June, 2020

	Spain	The United States	Mexico	Turkey	South America	Rest of Eurasia	Total Operating Segments	Corporate Center and Adjustments ⁽¹⁾
	(in millions of euros)							
Total Assets	419,475	101,118	103,671	63,525	57,891	26,805	772,485	(18,661)
Cash, cash balances at central banks and other demand deposits	32,199	13,908	6,562	5,489	8,399	310	66,867	(991)
Financial assets designated at fair value ⁽²⁾	147,143	6,955	33,941	5,712	8,250	500	202,501	(7,028)
Financial assets at amortised cost	203,500	76,800	58,418	50,079	38,742	25,688	453,227	(3,004)
Loans and advances to customers	172,026	68,668	49,440	41,196	35,336	22,524	389,190	(1,978)
Total Liabilities	409,628	97,201	98,323	60,777	55,559	25,865	747,353	(43,085)
Financial liabilities held for trading and designated at fair value through profit or loss	97,430	459	24,494	2,249	1,943	47	126,622	(8,795)
Financial liabilities at amortised cost - Customer deposits	195,676	75,649	50,398	40,132	39,357	4,567	405,779	(3,595)
Total Equity	9,847	3,916	5,348	2,748	2,332	940	25,131	24,424
Assets under management	60,974	-	21,271	4,212	13,838	518	100,813	
Mutual funds	37,635	-	19,359	1,755	4,489	-	63,237	
Pension funds	23,339	-	-	2,457	9,350	518	35,664	
Other placements	-	-	1,912	-	-	-	1,912	

(1) Financial assets designated at fair value includes: "Financial assets held for trading", "Non-trading financial assets mandatorily at fair value through profit or loss", "Financial assets designated at fair value through profit or loss" and "Financial assets at fair value through other comprehensive income".

(2) Financial assets designated at fair value includes: "Financial assets held for trading", "Non-trading financial assets mandatorily at fair value through profit or loss", "Financial assets designated at fair value through profit or loss" and "Financial assets at fair value through other comprehensive income".

As of 31st December, 2019

	Spain	The United States	Mexico	Turkey	South America	Rest of Eurasia	Total Operating Segments	Corporate Center and Adjustments ⁽¹⁾
	(in millions of euros)							
Total Assets	365,380	88,529	109,079	64,416	54,996	23,257	705,656	(6,967)
Cash, cash balances at central banks and other demand deposits	15,903	8,293	6,489	5,486	8,601	247	45,019	(716)
Financial assets designated at fair value ⁽²⁾	122,844	7,659	31,402	5,268	6,120	477	173,770	(3,128)
Financial assets at amortised cost	195,260	69,510	66,180	51,285	37,869	22,233	442,336	(3,174)
Loans and advances to customers	167,332	63,162	58,081	40,500	35,701	19,669	384,445	(2,085)
Total Liabilities	356,151	84,686	104,190	61,744	52,504	22,393	681,667	(37,902)
Financial liabilities held for trading and designated at fair value through profit or loss	78,684	282	21,784	2,184	1,860	57	104,851	(5,208)
Financial liabilities at amortised cost - Customer deposits	182,370	67,525	55,934	41,335	36,104	4,708	387,976	(3,757)
Total Equity	9,229	3,843	4,889	2,672	2,492	864	23,990	30,935
Assets under management	66,068	-	24,464	3,906	12,864	500	107,803	
Mutual funds	41,390	-	21,929	1,460	3,860	-	68,639	
Pension funds	24,678	-	-	2,446	9,005	500	36,630	
Other placements	-	-	2,534	-	-	-	2,534	

(1) Financial assets designated at fair value includes: “Financial assets held for trading”, “Non-trading financial assets mandatorily at fair value through profit or loss”, “Financial assets designated at fair value through profit or loss” and “Financial assets at fair value through other comprehensive income”.

(2) Financial assets designated at fair value includes: “Financial assets held for trading”, “Non-trading financial assets mandatorily at fair value through profit or loss”, “Financial assets designated at fair value through profit or loss” and “Financial assets at fair value through other comprehensive income”.

As of 31st December, 2018

	Spain	The United States	Mexico	Turkey	South America	Rest of Eurasia	Total Operating Segments	Corporate Center and Adjustments ⁽¹⁾
	(in millions of euros)							
Total Assets	354,901	82,057	97,432	66,250	54,373	18,834	673,848	2,841
Cash, cash balances at central banks and other demand deposits	28,545	4,835	8,274	7,853	8,987	238	58,732	(536)
Financial assets designated at fair value ⁽²⁾	107,320	10,481	26,022	5,506	5,634	504	155,467	(2,564)
Financial assets at amortised cost	195,467	63,539	57,709	50,315	36,649	17,799	421,477	(1,818)
Loans and advances to customers	170,438	60,808	51,101	41,478	34,469	16,598	374,893	(867)
Total Liabilities	345,592	77,976	90,961	63,657	52,683	18,052	648,921	(25,106)
Financial liabilities held for trading and designated at fair value through profit or loss	71,033	234	18,028	1,852	1,357	42	92,545	(4,778)
Financial liabilities at amortised cost - Customer deposits	183,414	63,891	50,530	39,905	35,842	4,876	378,456	(2,486)
Total Equity	9,309	4,082	6,471	2,593	1,690	782	24,927	27,947
Assets under management	62,559	-	20,647	2,894	11,662	388	98,150	
Mutual funds	39,250	-	17,733	669	3,741	-	61,393	
Pension funds	23,274	-	-	2,225	7,921	388	33,807	
Other placements	35	-	2,914	-	-	-	2,949	

(1) Financial assets designated at fair value includes: "Financial assets held for trading", "Non-trading financial assets mandatorily at fair value through profit or loss", "Financial assets designated at fair value through profit or loss" and "Financial assets at fair value through other comprehensive income".

(2) Financial assets designated at fair value includes: "Financial assets held for trading", "Non-trading financial assets mandatorily at fair value through profit or loss", "Financial assets designated at fair value through profit or loss" and "Financial assets at fair value through other comprehensive income".

Spain

The Spain operating segment includes all of BBVA's banking and non-banking businesses in Spain, other than those included in the Corporate Center. The primary business units included in this operating segment are:

- ***Spanish Retail Network***: including individual customers, private banking, small companies and businesses in the domestic market;
- ***Corporate and Business Banking***: which manages small and medium-sized enterprises (SMEs), companies and corporations, public institutions and developer segments;
- ***Corporate and Investment Banking (C&IB)***: responsible for business with large corporations and multinational groups and the trading floor and distribution business in Spain; and
- ***Other units***: which includes the insurance business unit in Spain (BBVA Seguros), the Asset Management unit (which manages Spanish mutual funds and pension funds), lending to real estate developers and foreclosed real estate assets in Spain (including assets from the previous Non-Core Real Estate operating segment), as well as certain proprietary portfolios and certain funding and structural interest rate positions of the euro balance sheet which are not included in the Corporate Center.

Financial assets designated at fair value of this operating segment (which includes the following portfolios - "Financial assets held for trading", "Non-trading financial assets mandatorily at fair value through profit or loss", "Financial assets designated at fair value through profit or loss" and "Financial assets at fair value through other comprehensive income") as of 31st December, 2019 amounted to €122,844 million, a 14.5 per cent. increase from the €107,320 million recorded as of 31st December, 2018, mainly as a result of the increase in volume of reverse repurchase agreements with credit institutions recorded under "Financial assets held for trading" and, to a lesser extent, an increase in derivatives recorded under "Financial assets held for trading".

Financial assets at amortised cost of this operating segment as of 31st December, 2019 amounted to €195,260 million, a 0.1 per cent. decrease compared with the €195,467 million recorded as of 31st December, 2018. Within this heading, loans and advances to customers as of 31st December, 2019 amounted to €167,332 million, a 1.8 per cent. decrease from the €170,438 million recorded as of 31st December, 2018, mainly as a result of the decrease in residential mortgage loans, and to a lesser extent, the decrease in loans to the public sector. These decreases were partially offset by an increase in consumer loans.

Financial liabilities held for trading and designated at fair value through profit or loss of this operating segment as of 31st December, 2019 amounted to €78,684 million, a 10.8 per cent. increase compared with the €71,033 million recorded as of 31st December, 2018, mainly as a result of the increase in repurchase agreements with credit institutions.

Customer deposits at amortised cost of this operating segment as of 31st December, 2019 amounted to €182,370 million, a 0.6 per cent. decrease compared with the €183,414 million recorded as of 31st December, 2018, mainly as a result of the decrease in demand deposits due to decreases in interest rates.

Mutual funds of this operating segment as of 31st December, 2019 amounted to €41,390 million, a 5.5 per cent. increase compared with the €39,250 million recorded as of 31st December, 2018, mainly due to new contributions by customers.

Pension funds of this operating segment as of 31st December, 2019 amounted to €24,678 million, a 6.0 per cent. increase compared with the €23,274 million recorded as of 31st December, 2018, mainly due to new contributions by customers.

This operating segment's NPL ratio decreased to 4.4 per cent. as of 31st December, 2019, from 5.1 per cent. as of 31st December, 2018, mainly due to a 14.3 per cent. decrease in the balance of NPLs in the period (€8,635 million as of 31st December, 2019 and €10,073 million as of 31st December, 2018). This change was mainly explained by the sale of non-performing mortgage loans and write-offs in 2019. This operating segment's NPL coverage ratio increased to 60 per cent. as of 31st December, 2019, from 57 per cent. as of 31st December, 2018.

The most relevant aspects related to this operating segment's activity during the six month period ended 30th June, 2020 were that loans and advances to customers amounted to €172,026 million as of 30th June, 2020, an increase of 2.8 per cent. from the €167,332 million recorded as of 31st December, 2019, mainly as a result of the increase in retail and corporate banking credit facilities on the back of the measures implemented by the Spanish government in light of the COVID-19 pandemic, and increased drawdowns under credit facilities, particularly in the first quarter. This increase was partially offset by the decrease in mortgage loans, which were greatly affected by the COVID-19 pandemic.

Customer deposits at amortized cost of this operating segment as of 30th June, 2020 amounted to €195,676 million, a 7.3 per cent. increase compared with the €182,370 million recorded as of 31st December, 2019 mainly as a result of the increase in demand deposits, due mainly to the shift from consumption to savings due to the COVID-19 pandemic.

This operating segment's NPL ratio decreased to 4.3 per cent. as of 30th June, 2020 from 4.4 per cent. as of 31st December, 2019, mainly as a result of the increase in wholesale customer credit facilities toward the end of the first quarter and the increase in retail and corporate banking credit facilities on the back of the measures implemented by the Spanish government in light of the COVID-19 pandemic in the second quarter. This operating segment's NPL coverage ratio increased to 66 per cent, as of 30th June, 2020 from 60 per cent, as of 31st December, 2019, mainly as a result of higher loss allowances made in response to the COVID-19 pandemic.

The United States

This operating segment encompasses the Group's business in the United States. BBVA USA accounted for 89.7 per cent. of the operating segment's balance sheet as of 31st December, 2019. Given its size in this segment, most of the comments below refer to BBVA USA. This operating segment also includes the assets and liabilities of the BBVA branch in New York, which specialises in transactions with large corporations.

The U.S. dollar appreciated 1.9 per cent. against the euro as of 31st December, 2019 compared with 31st December, 2018, positively affecting the business activity of the United States operating segment as of 31st December, 2019 expressed in euro.

Financial assets designated at fair value of this operating segment (which includes the following portfolios: "Financial assets held for trading", "Non-trading financial assets mandatorily at fair value through profit or loss", "Financial assets designated at fair value through profit or loss" and "Financial assets at fair value through other comprehensive income") as of 31st December, 2019 amounted to €7,659 million, a 26.9 per cent. decrease from the €10,481 million recorded as of 31st December, 2018, mainly due to a decrease in the volume of U.S. Treasury and other U.S. government securities and in mortgage-backed securities due to the lower interest rates offered by such securities.

Financial assets at amortised cost of this operating segment as of 31st December, 2019 amounted to €69,510 million, a 9.4 per cent. increase compared with the €63,539 million recorded as of 31st December, 2018. Within this heading, loans and advances to customers of this operating segment as of 31st December, 2019

amounted to €63,162 million, a 3.9 per cent. increase compared with the €60,808 million recorded as of 31st December, 2018, mainly due to an increase in loans to non-financial entities.

Customer deposits at amortised cost of this operating segment as of 31st December, 2019 amounted to €67,525 million, a 5.7 per cent. increase compared with the €63,891 million recorded as of 31st December, 2018, mainly due to an increase in demand deposits, partially offset by a decrease in time deposits due to the lower interest rates offered to customers.

The NPL ratio of this operating segment as of 31st December, 2019 decreased to 1.1 per cent. from 1.3 per cent. as of 31st December, 2018, mainly due to the decrease in the NPL portfolio. This operating segment's NPL coverage ratio increased to 101 per cent. as of 31st December, 2019, from 85 per cent. as of 31st December, 2018 as a result of higher loss allowances and the decrease in NPLs, in particular, in the commercial, financial and agricultural portfolios.

The most relevant aspects related to this operating segment's activity during the six month period ended 30th June, 2020 were that loans and advances to customers of this operating segment as of 30th June, 2020 amounted to €68,668 million, a 8.7 per cent. increase compared with the €63,162 million recorded as of 31st December, 2019, mainly due to the growth of the commercial portfolio and corporate banking on the back of measures implemented by the U.S. government in light of the COVID-19 pandemic, including the Paycheck Protection Program (PPP) and the business loan program established by the Coronavirus Aid, Relief, and Economic Security Act (which provides economic assistance to American workers, families and businesses, and aims to preserve jobs), with increases in the drawing down of credit facilities, partially offset by the decrease in consumer loans,

Customer deposits at amortized cost of this operating segment as of 30th June, 2020 amounted to €75,649 million, a 12.0 per cent. increase compared with the €67,525 million recorded as of 31st December, 2019, mainly due to an increase in deposits following the implementation of the PPP, as part of the funds that have been provided to customers under such program have been invested as deposits.

This operating segment's NPL ratio stood at 1.1 per cent. as of 30th June, 2020 and as of 31st December, 2019. The increased commercial and corporate banking activity toward the end of the first quarter (as a result of the increase in the availability of credit facilities) was followed by an increase in NPLs in the second quarter. This operating segment's NPL coverage ratio increased to 133 per cent. as of 30th June, 2020, from 101 per cent. as of 31st December, 2019, mainly due to higher loss allowances made in response to the COVID-19 pandemic and, to a lesser extent, certain specific clients.

On 15th November, 2020, BBVA reached an agreement with the PNC Financial Services Group, Inc. for the sale of 100 per cent. of the capital stock of its subsidiary BBVA USA Bancshares, Inc., which in turn owns all the capital stock of the bank, BBVA USA, as well as other companies of the Group in the United States with activities related to this banking business. See "*Description of Banco Bilbao Vizcaya Argentaria, S.A. – Capital Divestitures*".

Mexico

The Mexico operating segment comprises the banking and insurance businesses conducted in Mexico by BBVA Mexico. Since 2018, it also includes BBVA Mexico's branch in Houston (which was part of the Group's United States segment in previous years).

The Mexican peso appreciated 6.0 per cent. against the euro as of 31st December, 2019 compared with 31st December, 2018, positively affecting the business activity of the Mexico operating segment as of 31st December, 2019 expressed in euro.

Financial assets designated at fair value of this operating segment (which includes the following portfolios: "Financial assets held for trading", "Non-trading financial assets mandatorily at fair value through profit or loss", "Financial assets designated at fair value through profit or loss" and "Financial assets at fair value

through other comprehensive income”) as of 31st December, 2019 amounted to €31,402 million, a 20.7 per cent. increase from the €26,022 million recorded as of 31st December, 2018, mainly as a result of the increase in the volume of reverse repurchase agreements with financial institutions within the trading portfolio, the increase in debt securities recorded under “Financial assets held for trading”, the transfer of certain loans from the amortized cost portfolio and the appreciation of the Mexican peso against the euro.

Financial assets at amortized cost of this operating segment as of 31st December, 2019 amounted to €66,180 million, a 14.7 per cent. increase compared with the €57,709 million recorded as of 31st December, 2018. Within this heading, loans and advances to customers of this operating segment as of 31st December, 2019 amounted to €58,081 million, a 13.7 per cent. increase compared with the €51,101 million recorded as of 31st December, 2018, mainly due to the increase in the volume of wholesale loans and loans to non-financial entities and households and the appreciation of the Mexican peso against the euro, partially offset by the transfer of certain loans to the trading portfolio.

Financial liabilities held for trading and designated at fair value through profit or loss of this operating segment as of 31st December, 2019 amounted to €21,784 million, a 20.8 per cent. increase compared with the €18,028 million recorded as of 31st December, 2018, mainly as a result of increase in the volume of repurchase agreements and, to a lesser extent, the appreciation of the Mexican peso against the euro.

Customer deposits at amortised cost of this operating segment as of 31st December, 2019 amounted to €55,934 million, a 10.7 per cent. increase compared with the €50,530 million recorded as of 31st December, 2018, primarily due to the increase in demand deposits for households and, to a lesser extent, the increase in wholesale deposits, the latter being positively affected by the appreciation of the Mexican peso against the euro.

Mutual funds of this operating segment as of 31st December, 2019 amounted to €21,929 million, a 23.7 per cent. increase compared with the €17,733 million recorded as of 31st December, 2018 primarily due to the promotion of a wide range of investment products and the appreciation of the Mexican peso against the euro.

This operating segment’s NPL ratio increased to 2.4 per cent. as of 31st December, 2019 from 2.1 per cent. as of 31st December, 2018, mainly due to the operation of the contagion rules for retail exposures (‘pulling effect’), as well as to the change in the accounting criteria for the recognition of NPLs (from three past-due instalments to 90 days past-due). This operating segment’s NPL coverage ratio decreased to 136 per cent. as of 31st December, 2019 from 154 per cent. as of 31st December, 2018.

The most important developments in relation to activity in this operating segment during the six month period ended 30th June, 2020 were that loans and advances to customers of this operating segment as of 30th June, 2020 amounted to €49,440 million, a 14.9 per cent. decrease compared with the €58,081 million recorded as of 31st December, 2019, mainly as a result of the depreciation of the Mexican peso against the euro and the decrease in consumer loans, which were adversely affected by the coronavirus outbreak, partially offset by the positive performance of wholesale loans,

This operating segment’s NPL ratio decreased to 2.2 per cent. as of 30th June, 2020 from 2.4 per cent. as of 31st December, 2019 due mainly to the moratoriums and deferral plans adopted in connection with the COVID-19 pandemic, which limited the amount of new entries, and higher recoveries, This operating segment’s NPL coverage ratio increased to 165 per cent, as of 30th June, 2020 from 136 per cent. as of 31st December, 2019, mainly due to higher loss allowances made in response to the COVID-19 pandemic.

Turkey

This operating segment comprises the activities conducted by Garanti as an integrated financial services group operating in every segment of the banking sector, including corporate, commercial, SME, payment systems, retail, private and investment banking, together with its subsidiaries in pension and life insurance, leasing, factoring, brokerage and asset management, as well as its international subsidiaries in the Netherlands and Romania.

The Turkish lira depreciated 9.4 per cent. against the euro as of 31st December, 2019 compared to 31st December, 2018, negatively affecting the business activity of the Turkey operating segment as of 31st December, 2019 expressed in euros.

Financial assets designated at fair value of this operating segment (which includes the following portfolios: “Financial assets held for trading”, “Non-trading financial assets mandatorily at fair value through profit or loss”, “Financial assets designated at fair value through profit or loss” and “Financial assets at fair value through other comprehensive income”) as of 31st December, 2019 amounted to €5,268 million, a 4.3 per cent. decrease from the €5,506 million recorded as of 31st December, 2018, mainly as a result of the depreciation of the Turkish lira. At constant exchange rates, there was an increase in debt securities denominated in euros with central governments.

Financial assets at amortised cost of this operating segment as of 31st December, 2019 amounted to €51,285 million, a 1.9 per cent. increase compared with the €50,315 million recorded as of 31st December, 2018. Within this heading, loans and advances to customers of this operating segment as of 31st December, 2019 amounted to €40,500 million, a 2.4 per cent. decrease compared with the €41,478 million recorded as of 31st December, 2018, mainly due to the depreciation of the Turkish lira, partially offset by the increase in the volume of Turkish-lira denominated loans, in particular commercial loans supported by the Credit Guarantee Fund, consumer loans and credit card cards.

Financial liabilities held for trading and designated at fair value through profit or loss of this operating segment as of 31st December, 2019 amounted to €2,184 million, a 17.9 per cent. increase compared with the €1,852 million recorded as of 31st December, 2018, mainly as a result of the debt securities within the trading portfolio, which more than offset the effect of the depreciation of the Turkish lira.

Customer deposits at amortised cost of this operating segment as of 31st December, 2019 amounted to €41,335 million, a 3.6 per cent. increase compared with the €39,905 million recorded as of 31st December, 2018, mainly due to the increase in demand deposits in both Turkish lira and foreign currencies, partially offset by the depreciation of the Turkish lira.

Mutual funds in this operating segment as of 31st December, 2019 amounted to €1,460 million, a 118.2 per cent. increase compared with the €669 million recorded as of 31st December, 2018, due to the growth in money market related funds, which more than offset the effect of the depreciation of the Turkish lira.

Pension funds in this operating segment as of 31st December, 2019 amounted to €2,446 million, a 10.0 per cent. increase compared with the €2,225 million recorded as of 31st December, 2018, mainly due to the favourable market dynamics, where the rapid decrease in interest rates has forced returns from funds to be higher than those from deposits, partially offset by the depreciation of the Turkish lira.

The NPL ratio of this operating segment as of 31st December, 2019 increased to 7.0 per cent. compared with 5.3 per cent. as of 31st December, 2018 mainly as a result of an increase in NPLs. This operating segment’s NPL coverage ratio decreased to 75 per cent. as of 31st December, 2019, from 81 per cent. as of 31st December, 2018, mainly due to the increase in the balance of NPLs as of 31st December, 2019, compared with the balance recorded as of 31st December, 2018.

The most relevant aspects related to this operating segment’s activity during the six month period ended 30th June, 2020 were loans and advances to customers of this operating segment as of 30th June, 2020 amounted to €41,196 million, a 1.7 per cent. increase compared with the €40,500 million recorded as of 31st December, 2019, mainly due to the increase in loans denominated in Turkish lira and in consumer loans (supported by the General Purpose Loans program adopted by the Turkish government, which intends to mitigate the effects of the COVID-19 pandemic), partially offset by the depreciation of the Turkish lira,

The NPL ratio of this operating segment stood at 7.0 per cent. as of 30th June, 2020 and as of 31st December, 2019, This operating segment’s NPL coverage ratio increased to 82 per cent, as of 30th June,

2020 from 75 per cent, as of 31st December, 2019, due mainly to higher loss allowances made in response to the COVID-19 pandemic and, to a lesser extent, certain specific clients in the commercial portfolio.

South America

The South America operating segment includes the Group's banking and insurance businesses in the region.

The main business units included in the South America operating segment are:

- Retail and Corporate Banking: includes banks in Argentina, Colombia, Paraguay, Peru, Uruguay and Venezuela.
- Insurance: includes insurance businesses in Argentina, Colombia and Venezuela.

As of 31st December, 2019, the Argentine peso depreciated 35.7 per cent. against the euro compared to 31st December, 2018, while the Colombian peso and the Peruvian sol appreciated against the euro, compared to 31st December, 2018, by 1.7 per cent. and 3.8 per cent., respectively. Overall, changes in exchange rates have negatively affected the business activity of the South America operating segment as of 31st December, 2019 expressed in euros. As of and for the years ended 31st December, 2019 and 2018, the Argentine and Venezuelan economies were considered to be hyperinflationary as defined by IAS 29.

Financial assets designated at fair value for this operating segment (which includes the following portfolios: "Financial assets held for trading", "Non-trading financial assets mandatorily at fair value through profit or loss", "Financial assets designated at fair value through profit or loss" and "Financial assets at fair value through other comprehensive income") as of 31st December, 2019 amounted to €6,120 million, a 8.6 per cent. increase compared with the €5,634 million recorded as of 31st December, 2018, mainly due to the increase in debt securities issued by central banks and the central governments in Argentina and Peru, partially offset by the depreciation of the Argentine peso against the euro.

Financial assets at amortised cost of this operating segment as of 31st December, 2019 amounted to €37,869 million, a 3.3 per cent. increase compared with the €36,649 million recorded as of 31st December, 2018. Within this heading, loans and advances to customers of this operating segment as of 31st December, 2019 amounted to €35,701 million, a 3.6 per cent. increase compared with the €34,469 million recorded as of 31st December, 2018, mainly as a result of increase in consumer, mortgage and credit cards loans in Colombia and Peru, partially offset by the depreciation of the Argentine peso.

Customer deposits at amortised cost of this operating segment as of 31st December, 2019 amounted to €36,104 million, a 0.7 per cent. increase, compared with the €35,842 million recorded as of 31st December, 2018 mainly as a result of the depreciation of the Argentine peso.

Mutual funds in this operating segment as of 31st December, 2019 amounted to €3,860 million, a 3.2 per cent. increase compared with the €3,741 million recorded as of 31st December, 2018, mainly due to favourable market dynamics, which positively affected the performance of institutional banking and C&IB, especially in Colombia and Peru, partially offset by the depreciation of the Argentinian peso against the euro.

Pension funds in this operating segment as of 31st December, 2019 amounted to €9,005 million, a 13.7 per cent. increase compared with the €7,921 million recorded as of 31st December, 2018, mainly as a result of an increase in pension funds in Bolivia, where contributions to pension funds are mandatory.

The NPL ratio of this operating segment as of 31st December, 2019 increased to 4.4 per cent. compared with 4.3 per cent. as of 31st December, 2018. This operating segment's NPL coverage ratio increased to 100 per cent. as of 31st December, 2019, from 97 per cent. as of 31st December, 2018, mainly due to a 9.3 per cent. increase in the balance of provisions in Peru and Argentina as of 31st December, 2019, compared with the balance recorded as of 31st December, 2018.

The most relevant aspects related to this operating segment's activity in the six month period ended 30th June, 2020 were that loans and advances to customers of this operating segment as of 30th June, 2020 amounted to €35,336 million, a 1.0 per cent. decrease compared with the €35,701 million recorded as of 31st December, 2019, mainly as a result of the depreciation of the Argentine peso, the Colombian peso and the Peruvian sol, partially offset by the increase in wholesale loans, particularly in Peru and the increase in drawdowns in business credit lines in the first quarter.

Customer deposits at amortized cost of this operating segment as of 30th June, 2020 amounted to €39,357 million, a 9.0 per cent. increase compared with the €36,104 million recorded as of 31st December, 2019, mainly as a result of increases in demand deposits due to the measures established by the respective central banks in the region in order to inject liquidity into the economies (as part of the funds provided thereunder have been invested as deposits), and the shift from consumption to savings due to the COVID-19 pandemic.

The NPL ratio of this operating segment as of 30th June, 2020 increased to 4.5 per cent. compared with 4.4 per cent. as of 31st December, 2019, as a result mainly of the increase in NPLs in Peru and Chile due mainly to the decreased recovery activity due to the COVID-19 pandemic, partially offset by limited entries as a result of the moratoriums and deferral plans, This operating segment's NPL coverage ratio increased to 108 per cent. as of 30th June, 2020, from 100 per cent, as of 31st December, 2019, mainly due to an increase in the balance of provisions in Colombia and Peru in response to the COVID-19 pandemic.

Rest of Eurasia

This operating segment includes the retail and wholesale banking businesses carried out by the Group in Europe and Asia, except for those businesses comprised in the Group's Spain and Turkey operating segments. In particular, the Group's activity in Europe is carried out through banks and financial institutions in Switzerland, Italy, Germany and Finland and branches in Germany, Belgium, France, Italy, Portugal and the UK. The Group's activity in Asia is carried out through branches (in Taipei, Tokyo, Hong Kong, Singapore and Shanghai) and representative offices (in Beijing, Seoul, Mumbai, Abu Dhabi and Jakarta).

Financial assets designated at fair value for this operating segment (which includes the following portfolios: "Financial assets held for trading", "Non-trading financial assets mandatorily at fair value through profit or loss", "Financial assets designated at fair value through profit or loss" and "Financial assets at fair value through other comprehensive income") as of 31st December, 2019 amounted to €477 million, a 5.2 per cent. decrease compared with the €504 million recorded as of 31st December, 2018, mainly due to the decrease in debt securities within the fair value through other comprehensive income portfolio in C&IB Asia.

Financial assets at amortised cost of this operating segment as of 31st December, 2019 amounted to €22,233 million, a 24.9 per cent. increase compared with the €17,799 million recorded as of 31st December, 2018. Within this heading, loans and advances to customers of this operating segment as of 31st December, 2019 amounted to €19,669 million, a 18.4 per cent. increase compared with the €16,598 million recorded as of 31st December, 2018, mainly as a result of an increase in enterprise loans and the growth in the C&IB business in Asia.

Customer deposits at amortised cost of this operating segment as of 31st December, 2019 amounted to €4,708 million, a 3.5 per cent. decrease compared with the €4,876 million recorded as of 31st December, 2018, mainly due to the negative interest rate environment in Europe which has led certain investors to withdraw certain deposits.

Pension funds in this operating segment as of 31st December, 2019 amounted to €500 million, a 29.1 per cent. increase compared with the €388 million recorded as of 31st December, 2018, mainly due to the offering of a new multi-strategic product.

The NPL ratio of this operating segment as of 31st December, 2019 was 1.2 per cent. compared with 1.7 per cent. as of 31st December, 2018. This operating segment's NPL coverage ratio increased to 98 per cent. as of 31st December, 2019, from 83 per cent. as of 31st December, 2018.

The most relevant aspects of the activity in the area in the six month period ended 30th June, 2020 were that loans and advances to customers of this operating segment as of 30th June, 2020 amounted to €22,524 million, a 14.5 per cent. increase compared with the €19,669 million recorded as of 31st December, 2019, mainly as a result of increased corporate and investment banking business in the rest of Europe.

The NPL ratio of this segment as of 30th June, 2020 decreased to 0.8 per cent. from 1.2 per cent. as of 31st December, 2019, mainly due to the increase in the availability of credit facilities toward the end of the first quarter and the decrease in corporate and investment banking NPLs, This operating segment's NPL coverage ratio increased to 126 per cent, as of 30th June, 2020, from 98 per cent, as of 31st December, 2019.

Organisational Structure

As of 31st December, 2019, the Group was composed of 288 consolidated entities and 54 entities accounted for using the equity method.

The companies comprising the Group are principally domiciled in the following countries: Argentina, Bolivia, Brazil, Chile, Colombia, Finland, France, Germany, Italy, Mexico, Netherlands, Peru, Portugal, Romania, Spain, Switzerland, Turkey, UK, the United States, Uruguay and Venezuela. In addition, BBVA has an active presence in Asia.

Below is a simplified organisational chart of BBVA's most significant subsidiaries as of 31st December, 2019.

Subsidiary	Country of Incorporation	Activity	BBVA Voting Power	BBVA Ownership	Total Assets ⁽¹⁾
			(in percentages)		(in millions of euros)
BBVA MEXICO	Mexico	Bank	100.00	100.00	95,364
BBVA USA	United States	Bank	100.00	100.00	72,994
GARANTI BBVA AS	Turkey	Bank	49.85	49.85	56,969
BBVA PERU	Peru	Bank	92.24 ⁽²⁾	46.12	21,506
BBVA SEGUROS, S.A. DE SEGUROS Y REASEGUROS	Spain	Insurance	99.96	99.96	17,950
BBVA COLOMBIA, S.A.	Colombia	Bank	95.47	95.47	17,222
BANCO BBVA ARGENTINA, S.A.	Argentina	Bank	66.55	66.55	6,587
SEGUROS BBVA BANCOMER, S.A. DE C.V., GRUPO FINANCIERO BBVA BANCOMER	Mexico	Insurance	100.00	100.00	5,335
PENSIONES BBVA BANCOMER, S.A. DE C.V., GRUPO FINANCIERO BBVA BANCOMER	Mexico	Insurance	100.00	100.00	5,080
BBVA USA BANCSHARES, INC.	The United States	Investment	100.00	100.00	4,099

⁽¹⁾ Information for non-EU subsidiaries has been calculated using the prevailing exchange rates on 31st December, 2019.

⁽²⁾ Subject to certain exceptions.

Selected Financial Data

The historical financial information set forth below has been selected from, and should be read together with, the Consolidated Financial Statements, which are incorporated by reference herein.

Consolidated statement of income data

	For the nine months ended 30th September,		For the year ended 31st December,	
	2020	2019	2019	2018
	<i>(in millions of euros)</i>			
Net interest income.....	12,763	13,415	18,202	17,591
Profit (loss) attributable to parent company	(15)	3,667	3,512	5,400

Consolidated balance sheet data

	As of 30th September, 2020	As at 31st December,	
		2019	2018
	<i>(in millions of euros)</i>		
Total assets	727,014	698,690	676,689
Financial assets at amortised cost.....	427,687	439,162	419,660
Customers' deposits at amortised cost	395,132	384,219	375,970
Debt certificates.....	67,024	68,619	63,970
Non-controlling interests	5,404	6,201	5,764
Total equity.....	48,522	54,925	52,874

DIRECTORS AND SENIOR MANAGEMENT

BBVA is managed by a Board of Directors which, in accordance with its current by-laws (*Estatutos*), must consist of no less than 5 and no more than 15 members. All members of the Board of Directors are elected to serve three-year terms. BBVA's Board of Directors Regulations state that the Board of Directors must try to ensure that there is an ample majority of non-executive directors over the number of executive directors on the Board of Directors.

BBVA's corporate governance system is based on the distribution of functions between the Board of Directors, the Executive Committee (*Comisión Delegada Permanente*) and other specialised Board Committees, namely: the Audit Committee; the Appointments and Corporate Governance Committee; the Remunerations Committee; the Risk and Compliance Committee; and the Technology and Cybersecurity Committee. BBVA's Board of Directors is assisted in fulfilling its responsibilities by the Executive Committee. The Executive Committee will deal with those matters that the Board of Directors agrees to delegate to it, in accordance with the law, the Bylaws, the Board of Directors' Regulations or its own Regulations approved by the Board of Directors.

Board of Directors

The Board of Directors of BBVA currently comprises 15 members.

The business address of the directors of BBVA is Calle Azul, 4, 28050 Madrid.

BBVA may, from time to time, enter into transactions in the ordinary course of its business, and on an arm's-length basis, with the directors.

BBVA's Board of Directors Regulations include rules which are designed to prevent situations where a potential conflict of interest may arise. These Regulations provide, among other matters, that directors must refrain from participating in deliberations and votes on resolutions or decisions in which they or a related party may have a direct or indirect conflict of interest. Accordingly, there are no potential conflicts of interest between the private interests or other duties of the directors and their duties to BBVA.

The following table sets forth the names of the members of the Board of Directors as of the date of this Information Memorandum, their date of appointment and re-election, if applicable, their current positions and their present principal outside occupation and employment history.

Name	Birth Year	Current Position	Date Nominated	Date Re-elected	Present Principal Outside Occupation and Employment History ^(*)
Carlos Torres Vila ^{(1) (6)}	1966	Group Executive Chairman	4th May, 2015	15th March, 2019	Chairman of the Board of Directors and Group Executive Chairman of BBVA since December 2018. Chairman of the Executive Committee and of the Technology and Cybersecurity Committee. Director of Grupo Financiero BBVA Bancomer, S.A. de C.V. and BBVA Bancomer S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer. Chief Executive Officer of BBVA from May 2015 until his appointment as Chairman. He started at BBVA in September 2008 holding senior management

Name	Birth Year	Current Position	Date Nominated	Date Re-elected	Present Principal Outside Occupation and Employment History^(*)
					posts such as Head of Digital Banking from March 2014 to May 2015 and BBVA Strategy & Corporate Development Director from January 2009 to March 2014.
Onur Genç ⁽¹⁾	1974	Chief Executive Officer	20th December, 2018	15th March, 2019	Chief Executive Officer of BBVA since December 2018. Director of BBVA USA Bancshares, Inc., Grupo Financiero BBVA Bancomer, S.A., de C.V., and BBVA Bancomer S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer. Chairman and CEO of BBVA USA and BBVA's Country Manager in the US from January 2017 to December 2018. Deputy CEO at Garanti BBVA between 2015 and 2017 and Executive Vice President at Garanti BBVA between 2012 and 2015.
José Miguel Andrés Torrecillas ⁽¹⁾ ⁽²⁾ ⁽³⁾	1955	Deputy Chair (Independent Director)	13th March, 2015	16th March, 2018	Deputy Chair of the Board of Directors of BBVA since April 2019 and Chairman of the Appointments and Corporate Governance Committee. Director of Zardoya Otis, S.A. Chairman of Ernst & Young Spain from 2004 to 2014, where he was a partner since 1987 and also held a series of senior offices, including Managing Partner of the Banking Group from 1989 to 2004 and Managing Director of the Audit and Advisory practices at Ernst & Young Italy and Portugal from 2008 to 2013.
Jaime Félix Caruana Lacorte ⁽¹⁾ ⁽²⁾ ⁽⁵⁾	1952	Independent Director	16th March, 2018	Not applicable	Chairman of the Audit Committee since April 2019. Member of the Group of Thirty (G-30) and Sponsor (<i>patrono</i>) of the Spanish Aspen Institute Foundation. General Manager of the Bank of International Settlements (BIS) between 2009 and 2017. Between 2006 and 2009 he was Head of the Monetary, Capital Markets Department and Financial Counselor and General Manager at the International Monetary Fund (IMF), he was Chair of the Basel's Banking Supervision

Name	Birth Year	Current Position	Date Nominated	Date Re-elected	Present Principal Outside Occupation and Employment History^(*)
					Committee between 2003 and 2006, he was Governor of the Bank of Spain between 2000 and 2006, and he was General Manager of Banking Supervision at the Bank of Spain between 1999 and 2000.
Raúl Catarino Galamba de Oliveira ^{(5) (6)}	1964	Independent Director	13th March, 2020	Not applicable	Independent Chair of the Board of Directors of CTT- Correios de Portugal, S.A. and non-executive director of José de Mello Saúde and José de Mello Capital. His career path has been mainly linked to McKinsey & Company, where he was appointed partner in 1995, Director of the Portugal office in 2000, Managing Partner of Global Risk practice between 2013 and 2016, member of the Global Shareholders' Board from 2005 and 2011, member of the Global Partner Election and Evaluation Committees between 2001 and 2017, member of the Remuneration Committee from 2005 to 2013 and Chairman of the Global Learning Board from 2006 to 2011.
Belén Garijo López ^{(2) (3) (4)}	1960	Independent Director	16th March, 2012	16th March, 2018	Chair of the Remunerations Committee. Member of the Executive Board of Merck Group and CEO of Merck Healthcare, member of the Board of Directors of L'Oréal and, since 2011, Chair of the International Senior Executive Committee (ISEC) of PhRMA (Pharmaceutical Research and Manufacturers of America). Previously, she was President of Commercial Operations for Europe and Canada at Sanofi Aventis.
Sunir Kumar Kapoor ⁽⁶⁾	1963	Independent Director	11th March, 2016	15th March, 2019	Operating Partner at Atlantic Bridge Capital, independent director at Stratio Big Data and advisor in mCloud. He was President and CEO of UBmatrix Inc from 2005 to 2011. Executive Vice President and CMO of Cassatt Corporation from 2004 to 2005. Oracle Corporation, Vice President Collaboration Suite from 2002 to 2004. Founder and CEO of Tsola Inc from 1999 to

Name	Birth Year	Current Position	Date Nominated	Date Re-elected	Present Principal Outside Occupation and Employment History^(*)
					2001. President and CEO of E-Stamp Corporation from 1996 to 1999. Vice President of Strategy, Marketing and Planning of Oracle Corporation from 1994 to 1996.
Lourdes Máiz Carro ^{(2) (4)}	1959	Independent Director	14th March, 2014	13th March, 2020	Secretary of the Board of Directors and Director of Legal Services at Iberia, Líneas Aéreas de España from 2001 until 2016. Joined the Spanish State Counsel Corps (Cuerpo de Abogados del Estado) and from 1992 until 1993 she was Deputy to the Director in the Ministry of Public Administration. From 1993 to 2001 held various senior positions in the Public Administration, including Director of the Cabinet of the Assistant Secretary of Public Administration and General Director of the Sociedad Estatal de Participaciones Patrimoniales (SEPPA) within the Ministry of Economy and Finance.
José Maldonado Ramos ^{(1) (3)}	1952	External Director	28th January, 2000	16th March, 2018	Appointed Director and General Secretary of BBVA in January 2000. Took early retirement as Bank executive in December 2009. Previously, he was Board Secretary and Director of Legal Services for Empresa Nacional para el Desarrollo de la Industria Alimentaria, S.A. (Endiasa); Astilleros Españoles, S.A.; and Iberia, Líneas Aéreas de España, S.A.
Ana Cristina Peralta Moreno ^{(2) (4)}	1961	Independent Director	16th March, 2018	Not applicable	Independent director of Grenergy Renovables, S.A. and independent director of Inmobiliaria Colonial, SOCIMI, S.A. Independent director at Deutsche Bank SAE from 2014 to 2018; independent director at Banco Etcheverría, S.A. between 2013 and 2014. Previously, she was Chief Risk Officer and Member of the Management Committee of Banco Pastor, S.A. and she held several positions at Bankinter, S.A. including Chief Risk Officer and member of the Management Committee.

Name	Birth Year	Current Position	Date Nominated	Date Re-elected	Present Principal Outside Occupation and Employment History^(*)
Juan Pi Llorens (3) (5) (6) (7)	1950	Independent Director	27th July, 2011	16th March, 2018	Lead Director of BBVA since April 2019 and Chairman of the Risk and Compliance Committee. Chairman of the Board of Directors of Ecolumbar S.A., and non-executive Director of Oesía Networks, S.L. and of Tecnobit, S.L.U. Had a professional career at IBM holding various senior posts at a national and international level including Vice President for Sales at IBM Europe from 2005 to 2008, Vice President of Technology & Systems Group at IBM Europe from 2008 to 2010 and Vice President of the Finance Services Sector at GMU (Growth Markets Units) in China from 2009 to 2011. He was executive President of IBM Spain between 1998 and 2001.
Ana Leonor Revenga Shanklin ⁽⁵⁾	1963	Independent Director	13th March, 2020	Not applicable	Senior Fellow at the Brookings Institution since 2018, Adjunct Professor at the Walsh School of Foreign Service at Georgetown University since 2019 and Chair of the ISEAK Foundation Board of Trustees since 2018. Her career path has been mainly linked to World Bank, where she has held various senior posts, including Senior Global Director of Poverty and Equity between 2014 and 2016 and Deputy Chief Economist between 2016 and 2017.
Susana Rodríguez Vidarte ^{(1) (3) (5)}	1955	External Director	28th May, 2002	13th March, 2020	Professor of Strategy at the Faculty of Economics and Business Sciences at Universidad de Deusto. She was Dean of the Faculty of Economics and Business Administration of the University of Deusto from 1996 to 2009, Director of the Instituto Internacional de Dirección de Empresas (INSIDE) from 2003 to 2008 and Director of the Postgraduate Area from 2009 to 2012. Doctor in Economic and Business Sciences from Universidad de Deusto.
Carlos Vicente Salazar Lomelín ⁽⁴⁾	1951	External Director	13th March, 2020	Not applicable	Chairman of Mexico's Business Coordinating Council since 2019 and independent director to

Name	Birth Year	Current Position	Date Nominated	Date Re-elected	Present Principal Outside Occupation and Employment History^(*)
					Sukarne and Alsea since 2017 and 2019, respectively. Director of Grupo Financiero BBVA Bancomer, S.A. de C.V. and of BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer. His career path has been linked to the Grupo Fomento Económico Mexicano S.A.B. de C.V. (Femsa) until 2019, having held roles such as General Manager of Cervecería Cuauhtémoc-Moctezuma and General Manager of Femsa from 2014 to 2017.
Jan Paul Marie Francis Verplancke ⁽⁴⁾ (6)	1963	Independent Director	16th March, 2018	Not applicable	Director, Chief Information Officer, Group Head of Technology and Banking Operations, of Standard Chartered Bank, between 2004 and 2015. Before that, he held several positions in multinational companies, such as Vice President of Technology and Chief Information Officer, in the EMEA region of Dell (1999-2004).

(*) Where no date is provided, the position is currently held.

(1) Member of the Executive Committee.

(2) Member of the Audit Committee.

(3) Member of the Appointments and Corporate Governance Committee.

(4) Member of the Remunerations Committee.

(5) Member of the Risk and Compliance Committee.

(6) Member of the Technology and Cybersecurity Committee.

(7) Lead Director.

Major Shareholders and Share Capital

On 5th February, 2020, Blackrock, Inc. reported that it beneficially owned 6.3% of BBVA's share capital. As of 31st December, 2019, no other person, corporation or government beneficially owned, directly or indirectly, five per cent. or more of BBVA's share capital. BBVA's major shareholders do not have voting rights which are different from those held by the rest of its shareholders. To the extent known to BBVA, BBVA is not controlled, directly or indirectly, by any other corporation, government or any other natural or legal person.

As of 14th June, 2020, there were 887,179 registered holders of BBVA's shares, with an aggregate of 6,667,886,580 shares, of which 719 shareholders with registered addresses in the United States held a total of 1,310,343,581 shares (including shares represented by American Depositary Shares evidenced by American Depositary Receipts (ADRs)). Since certain of such shares and ADRs are held by nominees, the foregoing figures are not representative of the number of beneficial holders.

As of 11th May, 2020, Norges Bank communicated that it held a direct interest of 3.366 per cent. in BBVA's share capital.

Legal Proceedings

Spanish judicial authorities are investigating the activities of Centro Exclusivo de Negocios y Transacciones, S.L. (**Cenyt**). Such investigation includes the provision of services by Cenyt to BBVA. On 29th July, 2019, BBVA was named as an investigated party (*investigado*) in a criminal judicial investigation (Preliminary Proceeding No. 96/2017 – Piece No. 9, Central Investigating Court No. 6 of the National High Court) for alleged facts which could represent the crimes of bribery, revelation of secrets and corruption. As of the date of this Information Memorandum, no formal accusation against BBVA has been made. Certain current and former officers and employees of the Group, as well as former directors, have also been named as investigated parties in connection with this investigation. BBVA has been and continues to be proactively collaborating with the Spanish judicial authorities, including sharing with the courts information from its ongoing forensic investigation regarding its relationship with Cenyt. BBVA has also testified before the judge and prosecutors at the request of the Central Investigating Court No. 6 of the National High Court.

On 3rd February, 2020, BBVA was notified by the Central Investigating Court No. 6 of the National High Court of the order lifting the secrecy of the proceedings.

This criminal judicial proceeding is at a preliminary stage. Therefore, it is not possible at this time to predict the scope or duration of such proceeding or any related proceeding or its or their possible outcomes or implications for the Group, including any fines, damages or harm to the Group's reputation caused thereby.

In relation to consumer mortgage loan contracts linked to the interest rate index known as IRPH (average rate for mortgage loans over three years for the acquisition of free housing), considered the "official interest rate" by mortgage transparency regulations and calculated by the Bank of Spain and published in the Spanish Official Gazette, on 14 December 2017, the Spanish Supreme Court issued its judgment 669/2017 confirming that it was not possible to determine the lack of transparency of the interest rate of the loan merely by reference to one or other of the official indexes nor, therefore, was it abuse according to Directive 93/13. In a separate legal proceeding, albeit concerning the same clause, the matter was referred to the Court of Justice of the European Union (the **EU Court of Justice**), raising a preliminary question in which the application of the above referred IRPH index and the decision of the Supreme Court on the matter was questioned again. On 3rd March, 2020, the EU Court of Justice resolved the referred question for a preliminary ruling.

In that resolution, the EU Court of Justice concluded that the fact that the main elements relating to the calculation of the saving banks IRPH index used by the bank to which the question referred refers (Bankia, S.A.) were provided in the Bank of Spain Regulation (Circular 8/1990), published in the Spanish Official Gazette, which allowed consumers to understand the calculation of such index. In addition, the EU Court of Justice indicated that the national court shall determine whether the bank that is party to this proceeding complied with the applicable information obligations under national legislation. In the event that the entity had not complied with the applicable transparency regulations, the EU Court of Justice decision does not declare the contract null and void but provides that the national court could replace the IRPH index applied in the case under trial for a substitute index. The resolution sets forth that, in the absence of an agreement to the contrary of the parties to the contract, the referred substitute index could be the IRPH index for credit entities in Spain (as established in the fifteenth additional provision of Law 14/2013, of 27 September 2013).

On 13th November, 2020, the Supreme Court has issued new judgements on which it has again analysed the legality of the above referred clause after the EU Court of Justice ruling which indicated that it was up to the national judge to rule on its transparency and possible abuse. In the particular cases analysed by the Supreme Court, it has ruled that, even if the entity had not complied properly with any regulatory requirement for transparency, such as informing the evolution of the index in the past, this would not mean that the clause was abusive. Therefore, BBVA considers that the ruling of the EU Court of Justice and these recent rulings of the Supreme Court should not have significant effects on the Group's business, financial situation or

results of operations. On 4th March, 2020, the Supreme Court issued a ruling (number 149/2020) confirming the nullity of a revolving credit card agreement entered into by another entity (Wizink Bank) on the grounds that the interest applied to the card was usurious. In that ruling, the Supreme Court recognised that the reference to the "normal interest on money" to be used for this product must be the average interest applicable to credit transactions by means of credit and revolving cards published in the Bank of Spain's statistics, which is slightly higher than 20 per cent. per annum. The Supreme Court also considered usurious a rate of 26.82 per cent. per annum when compared to such average rate. The Supreme Court concluded that for an interest rate to be usurious, it must be "manifestly disproportionate to the circumstances of the case", and therefore the ruling limits its effects to the case under analysis, and the marketing by credit entities of this product must be analysed on a case-by-case basis. BBVA considers that this ruling of the Supreme Court should not have a significant effect on the Group's business, financial situation or results of operations.

The Group operates in legal and regulatory environments that expose it to potentially significant legal and regulatory actions and proceedings, including legal claims and proceedings, civil and criminal regulatory proceedings, governmental and judicial investigations and proceedings, tax proceedings and other proceedings in jurisdictions around the world. Legal and regulatory actions and proceedings are subject to many uncertainties, and their outcomes, including the timing thereof, the amount of fines or settlements or the form of any settlements arising therefrom, or changes in business practices the Group may need to introduce as a result thereof, any of which may be material and are often difficult to predict, particularly in the early stages of a particular legal or regulatory matter.

As of the date hereof, and in addition to as described above, the Issuer and its subsidiaries are involved in a number of legal and regulatory actions and proceedings in various jurisdictions around the world (including, among others, Spain, Mexico and the United States), the adverse resolution of which may also adversely impact the Group. See *"Risk Factors—Legal, Regulatory, Tax and Compliance Risks —The Group is party to a number of legal and regulatory actions and proceedings"*.

The Group can provide no assurance that the legal and regulatory actions and proceedings to which it is subject, or to which it may become subject in the future or otherwise affected by, will not, if resolved adversely, result in a material adverse effect on the Group's business financial position or results of operations.

REGULATORY FRAMEWORK

General

The Issuer is a Spanish credit institution with registered address at Plaza de San Nicolás 4, Bilbao. It operates under the form of a public limited liability company (*sociedad anónima*) and is thus subject to Spanish company and tax legislation applicable from time to time (including the special aspects of the provincial scheme applicable in view of its registered address), as well as to banking legislation applicable in Spain and in the EU. The Issuer's shares are currently listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through the Spanish Stock Exchange Interconnection System (Continuous Market), on the London and Mexico Stock Exchanges and, by means of ADSs (American Depositary Shares), on the New York Stock Exchange, and are thus subject to stock market regulations applicable in Spain, in the EU, in the UK, in Mexico and in the United States.

Finally, it should be noted that the Issuer develops its business in different jurisdictions through a number of subsidiaries, which are subject to company, banking, stock market and insurance regulations, among others, as applicable in each specific case. In particular, the Group is exposed to the regulations of Mexico, the United States and Turkey.

The following summarises some of the regulations that most significantly affect the Issuer in Spain, the Group's main market, and as a result of its activities in the EU.

Solvency and capital requirements

In its capacity as a Spanish credit institution, the Issuer is subject to Directive 2013/36/EU of the European Parliament and of the Council of 26th June, 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (the **CRD IV Directive**) through which the EU began to implement the capital reforms agreed in the framework of Basel III. The core regulation on the solvency of credit institutions is Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26th June, 2013 on prudential requirements for credit institutions and investment firms (**CRR I** and, together with the CRD IV Directive and any measures implementing the CRD IV Directive or CRR I which may from time to time be applicable in Spain, **CRD IV**), which is complemented by several binding regulatory technical standards that are directly applicable in all EU Member States, without the need for national implementation measures. The transposition of the CRD IV Directive into Spanish legislation took place through Royal Decree-Law 14/2013, of 29th November, Law 10/2014, RD 84/2015, Bank of Spain Circular 2/2014, of 31st January and Bank of Spain Circular 2/2016.

On 7th June, 2019, the following amendments to CRD IV, Directive 2014/59/EU of 15th May, 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (**BRRD I**) and Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15th July, 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund (the **SRM Regulation I**) were published:

- Directive 2019/878/EU of the European Parliament and of the European Council of 20th May, 2019 (as amended, replaced or supplemented from time to time, the **CRD V Directive**) amending the CRD IV Directive (the CRD IV Directive as so amended by the CRD V Directive and as amended, replaced or supplemented from time to time, the **CRD Directive**);
- Directive 2019/879/EU of the European Parliament and of the European Council of 20th May, 2019 (as amended, replaced or supplemented from time to time, **BRRD II**) amending, among other things, BRRD I as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms (BRRD I as so amended by BRRD II and as amended, replaced or supplemented from time to time, the **BRRD**);

- (CRR II and, together with the CRD V Directive, **CRD V**) amending, among other things, CRR I as regards the leverage ratio, the net stable funding ratio, requirements on own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, and reporting and disclosure requirements (CRR I as so amended by CRR II and as amended, replaced or supplemented from time to time, the **CRR**); and
- Regulation (EU) No. 877/2019 of the European Parliament and of the Council of 20th May, 2019 (as amended, replaced or supplemented from time to time, the **SRM Regulation II**) amending SRM Regulation I as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms (SRM Regulation I as so amended by SRM Regulation II and as amended, replaced or supplemented from time to time, the **SRM Regulation**),

(CRD V, together with BRRD II and the SRM Regulation II, the **EU Banking Reforms**).

The EU Banking Reforms (other than CRR II) are stated to apply from 18 months and one day after their entry into force on 27th June, 2019, save for certain provisions of the CRD V Directive where a two-year period is provided for. CRR II is stated to apply from 24 months and one day after the date of its entry into force on 27th June, 2019, although certain provisions are stated to enter into force before or after that date, as described therein.

CRD IV, among other things, established a “Pillar 1” minimum capital requirement and increased the level of capital required through the “combined buffer requirement” that institutions must comply with from 2016 onwards. The “combined buffer requirement” introduced five new capital buffers: (i) the capital conservation buffer, (ii) the G-SIB buffer, (iii) the institution-specific counter cyclical buffer, (iv) the D-SIB buffer and (v) the systemic risk buffer (a buffer to prevent systemic or macroprudential risks). The “combined buffer requirement” (broadly, the combination of the capital conservation buffer, the institution-specific counter-cyclical buffer and the higher of the systemic risk buffer, the G-SIBs buffer and the D-SIBs buffer, in each case as applicable to the institution) applies in addition to the minimum “Pillar 1” capital requirements and must be satisfied with CET1 capital.

The G-SIB buffer is applicable to the institutions included in the list of G-SIBs, which is updated annually by the FSB. The Issuer was excluded from this list with effect as from 1st January, 2017 and so, unless otherwise indicated by the FSB (or the Bank of Spain) in the future, the Issuer will no longer be required to maintain the G-SIB buffer.

On 27th November, 2020, the Bank of Spain announced that the Issuer continues to be considered a D-SIB and is required to maintain a fully-loaded D-SIB buffer of a CET1 capital ratio (over RWAs) of 0.75 per cent. on a consolidated basis.

In December 2015, the Bank of Spain agreed to set the counter cyclical capital buffer applicable to credit exposures in Spain at 0 per cent. from 1st January, 2016. This percentage is reviewed quarterly. The Bank of Spain agreed in September, 2020 to maintain the counter cyclical capital buffer applicable to credit exposures in Spain at 0 per cent. for the fourth quarter of 2020.

The Bank of Spain has greater discretion when determining the institution-specific counter cyclical buffer, the D-SIB buffer and the systemic risk buffer. Since the Single Supervisory Mechanism (**SSM**) came into force on 4th November, 2014, the European Central Bank (the **ECB**) also has the ability to provide certain recommendations in this respect and potentially increase such buffers.

Furthermore, Article 104 of the CRD Directive (as implemented by Article 68 of Law 10/2014) and similarly Article 16 of Council Regulation (EU) No. 1024/2013 of 15th October, 2013 conferring specific tasks on the ECB concerning policies relating to the prudential supervision of credit institutions (the **SSM Regulation**), also contemplates the possibility that the supervisory authorities may require credit institutions to observe capital requirements exceeding the “Pillar 1” minimum capital requirements and the “combined buffer requirement” by establishing “Pillar 2” capital requirements (which, with respect to

other requirements, are above the “Pillar 1” requirements and below the “combined buffer requirement”), in order to cover additional risks to those already covered by the “Pillar 1” minimum capital requirements or to address macroprudential matters (although the EU Banking Reforms provide that the new “Pillar 2” capital requirements should be used only to address microprudential considerations).

Moreover, the ECB is required, under Regulation (EU) No. 468/2014 of the ECB of 16th April, 2014 establishing the framework for cooperation within the Single Supervisory Mechanism between the ECB and national competent authorities and with national designated authorities (the **SSM Framework Regulation**), to carry out the SREP of the Issuer and the Group at least on an annual basis.

On 19th July, 2018, the EBA published its final guidelines intended to further enhance risk management by institutions and the convergence of supervision with respect to the SREP. These guidelines focus on stress testing, particularly to determine “Pillar 2” capital guidance and the level of interest rate risk.

Likewise, the ECB announced on 12th March, 2020 that it will allow banks to partially use AT1 and Tier 2 instruments to meet the “Pillar 2” requirement, being a measure introduced by CRD V and initially expected to be implemented in 2021. In particular, the composition of capital instruments to meet the “Pillar 2” requirement, shall be made up in the form of 56 per cent. of CET1 capital and 75 per cent. of Tier 1 capital, as a minimum.

Consequently, all additional “Pillar 2” own funds requirements that the ECB may impose on the Issuer and/or the Group under the SREP will require the Issuer and/or the Group to maintain capital levels higher than the “Pillar 1” minimum capital requirement.

As a result of the latest SREP carried out by the ECB, and in accordance with the measures implemented by the ECB on 12th March, 2020, by means of which banks may partially use AT1 and Tier 2 capital instruments in order to fulfil the “Pillar 2” requirement, BBVA must maintain, at a consolidated level, a CET I ratio of 8.59 per cent. and a total capital ratio of 12.75 per cent. The consolidated overall capital requirement includes: i) the minimum capital requirement of “Pillar 1” of 8 per cent., that must be composed of a minimum of 4.5 per cent. of CET 1; ii) the “Pillar 2” requirement of 1.5 per cent., that must be composed of a minimum of 0.84 per cent. of CET1; iii) the capital conservation buffer (2.5 per cent. of CET1); and iv) the capital buffer for “Other Systemically Important Institutions” (O-SIIs) (0.75 per cent. of CET1). Likewise, BBVA must maintain, at an individual level, a CET1 ratio of 7.84 per cent. and a total capital ratio of 12.00 per cent.

As of 30th September, 2020, the Issuer’s phased-in total capital ratio was 16.66 per cent. on a consolidated basis and 22.85 per cent. on an individual basis and its CET1 phased-in capital ratio was 11.99 per cent. on a consolidated basis and 15.33 per cent. on an individual basis.

Such ratios exceed the applicable regulatory requirements described above, but there can be no assurance that the total capital requirements imposed on the Issuer and/or the Group from time to time may not be higher than the levels of capital available at such point in time. There can also be no assurance as to the result of any future SREP carried out by the ECB and whether this will impose any further “Pillar 2” additional own funds requirements on the Issuer and/or the Group.

CRD V introduces certain amendments in order to clarify the hierarchy or order of priority of own funds and eligible liabilities among the “Pillar 1” minimum solvency requirements, the “Pillar 2” additional own funds solvency requirements, the MREL requirements and the “combined buffer requirement” (referred to as the “stacking order”).

In accordance with Article 48 of Law 10/2014, Article 73 of Royal Decree 84/2015 and Rule 24 of Bank of Spain Circular 2/2016, any institution not meeting its “combined buffer requirement” is required to calculate its MDA as stipulated in such legislation. Accordingly, restrictions on discretionary payments will be scaled according to the extent of the breach of the “combined buffer requirement” and calculated as a percentage of the profits of the institution generated since the last annual decision on the distribution of profits. Such calculation will result in a MDA in each relevant period. As an example, the scaling is such that in the

bottom quartile of the “combined buffer requirement”, no discretionary payments will be permitted to be made.

As a consequence, in the event of breach of the “combined buffer requirement” and until the MDA has been calculated and communicated to the Bank of Spain, the relevant institution shall not make any discretionary payments, and once the MDA has been calculated and communicated to the Bank of Spain, the discretionary payments will be subject to the limit of the MDA calculated.

Additionally, pursuant to Article 48 of Law 10/2014, the Bank of Spain's adoption of the measures provided by Articles 68.2.h) and 68.2.i) of Law 10/2014, aimed at strengthening own funds or limiting or prohibiting the distribution of dividends, respectively, will also entail the requirement to determine the MDA and to restrict discretionary payments to such MDA. In accordance with the EU Banking Reforms, the calculation of the MDA, as well as the restrictions described in the preceding paragraph while such calculation is pending, may also be triggered by a breach of the combined buffer requirement when considered in addition to its MREL see “*Risk Factors - Increasingly onerous capital and liquidity requirements may have a material adverse effect on the Group’s business, financial condition and results of operations*”) or a breach of the leverage ratio requirement.

On 1st July, 2016, the EBA published additional information explaining how supervisors should use the results of the 2016 EU-wide stress test for SREP assessments. Among other things, the EBA referred to the possibility of including the quantitative results of the EU-wide stress test into SREP assessments by establishing additional supervisory monitoring metrics in the form of capital guidance. This guidance would not be included as a factor that would trigger the MDA calculations, but the competent authorities would expect the banks to meet that guidance, unless otherwise specifically agreed. The competent authorities have remedial tools if an institution refuses to follow such guidance. CRD V also distinguishes between “Pillar 2” capital requirements and “Pillar 2” capital guidance, with only the former being mandatory requirements. Notwithstanding the foregoing, CRD V provides that besides other measures, supervisory authorities are entitled to impose further “Pillar 2” capital requirements when an institution repeatedly fails to follow the “Pillar 2” capital guidance previously imposed.

In its meeting of 12th January, 2014, the BCBS oversight body established the definition of the leverage ratio provided in CRD IV to promote consistent disclosure, which has been applicable since 1st January, 2015. As of the date of this Information Memorandum, there is no applicable legislation in Spain containing a specific leverage ratio requirement for credit institutions. However, CRR II sets a binding leverage ratio requirement of 3 per cent. of Tier 1 capital, in addition to the institution’s own funds requirements and RWA-based requirements.

The table below sets out the reconciliation of the Group’s accounting assets to its leverage ratio exposure as of 30th September, 2020 and 31st December, 2019:

	30/09/20 Phased- In	30/09/20 Fully Loaded	31/12/19 Phased- In	31/12/19 Fully Loaded
<i>(in millions of euros except percentages)</i>				
a) Total assets as per published financial statements	727,014	727,014	698,690	698,690
b) Adjustments for entities which are consolidated for accounting purposes but are outside the scope of the regulatory consolidation perimeter	(19,746)	(19,746)	(21,636)	(21,636)
c) Adjustments for derivative financial instruments	(16,550)	(16,550)	(7,124)	(7,124)
d) Adjustments of securities financing transactions	3,010	3,010	1,840	1,840
e) Adjustments for off-balance sheet items ⁽¹⁾	66,793	66,793	67,165	67,165
f) (Adjustments for intragroup exposures excluded from the leverage ratio exposure measured in accordance with article 429(7) of the CRR)	-	-	-	-

g) (Adjustment for exposures excluded from the total exposure measure corresponding to the leverage ratio according to Article 429(14) of the CRR)	(33,529)	(33,529)	-	-
h) Other adjustments	(4,771)	(6,362)	(7,847)	(8,656)
Total leverage ratio exposures	722,221	720,630	731,087	730,279
h) Tier 1	48,248	46,550	49,701	48,775
Total leverage ratio exposures	722,221	720,630	731,087	730,279
Leverage ratio	6.68%	6.46%	6.80 %	6.68 %

(1) This corresponds to the exposure value of off-balance sheet exposure after applying conversion factors determined in accordance with article 429(7) of the CRR.

Furthermore, on 7th December, 2017, the BCBS announced the end of the Basel III reforms (informally referred to as Basel IV). These reforms include changes to the risk weightings applied to the different assets and measures to enhance the sensitivity to risk in those weightings, and impose limits on the use of internal ratings-based approaches so as to ensure a minimum level of conservatism in the use of such approaches and to enhance comparability among banks in which such internal ratings-based approaches are used. The review of minimum capital requirements will also limit the regulatory capital benefit for banks when calculating total RWAs using internal risk models as compared with the standardised approach, with a minimum capital requirement of 50 per cent. of RWAs calculated using only the standardised approaches applicable from 1st January, 2022, which is expected to increase to 72.5 per cent. from 1st January, 2027.

Moreover, on 15th March, 2018, the ECB published its supervisory expectations on prudential provisions for NPLs by publishing the Addendum to the ECB's guide on NPLs for credit institutions, issued on 20th March, 2017, which clarifies the ECB expectations regarding supervision over the identification, management, measurement and reorganisation of NPLs, in order to avoid future and excessive accumulation of NPLs without coverage in the balance sheets of the credit entities.

The Addendum's supervisory expectations are applicable to new NPLs classified as such as of 1st April, 2018. The ECB will evaluate the banks' practices at least once a year and, from the beginning of 2021, the banks must inform the ECB of any difference between their practices and the prudential provision expectations.

In addition, the ECB has announced that a TRIM is being conducted on the internal models used by banks subject to its supervision to calculate their RWAs, in order to reduce inconsistencies and unjustified variability in these internal models throughout the EU. Although the full results of the TRIM are not yet known, it could imply a change in the internal models used by banks and, at the same time, increases or decreases in the capital needs of banks, including the Issuer.

Set out below are the Group's solvency data (phased-in Basel III) on a consolidated basis and in accordance with the regulations applicable on each of the dates stated. Capital ratios have been calculated in accordance with CRD IV as from 2014, applying a phased-in amount of 100 per cent. for 2019 and 2018, and 80 per cent. for 2017.

Total Capital Phased-in

(in millions of euros except percentages)

	30/09/2020	31/12/2019	31/12/2018	31/12/2017
Common Equity Tier 1 capital (CET1)	41,231	43,653	40,313	42,341
Additional Tier 1 capital (AT1)	7,017	6,048	5,634	4,639
Tier 2 capital	9,056	8,304	8,756	8,798
Capital base	57,305	58,005	54,703	55,778

Risk-weighted assets	343,923	364,448	348,264	362,875
CET1 ratio	11.99 %	11.98 %	11.58 %	11.67 %
AT1 ratio	2.04 %	1.66 %	1.62 %	1.28 %
Tier 1 ratio	14.03 %	13.64 %	13.19 %	12.95%
Tier 2 ratio	2.63 %	2.28 %	2.51 %	2.42%
Total capital ratio	16.66 %	15.92 %	15.71 %	15.37%

The Group must also comply with liquidity and financing ratios. The LCR has been progressively implemented since 2015 in accordance with the CRR and banks must comply with such ratio (100 per cent.) from 1st January, 2018. As of 30th September, 2020 and 31st December, 2019, the Group's LCR was 159 per cent. and 129 per cent. respectively. At the same time, the NSFR, calculated based on Basel requirements, remained above 100 per cent. throughout 2019 and stood at 127 per cent. and 120 per cent. as of 30th September, 2020 and 31st December, 2019, respectively. Certain elements of the LCR and the NSFR, as implemented by national banking regulators and complied with by the Issuer, may require the introduction of changes in some commercial practices.

Resolution

The BRRD (which has been partially transposed in Spain by Law 11/2015 and RD 1012/2015, pending the transposition of BRRD II) and the SRM Regulation are designed to provide the authorities with mechanisms and instruments to intervene sufficiently early and rapidly in failing or likely to fail credit institutions or investment firms (each an **Entity**) in order to ensure the continuity of the Entity's critical financial and economic functions, while minimising the impact of its non-feasibility on the economic and financial system. The BRRD further provides that a Member State may only use additional financial stabilisation instruments to provide extraordinary public financial support as a last resort, once the following resolution instruments have been evaluated and used to the fullest extent possible while maintaining financial stability.

In accordance with the provisions of Article 20 of Law 11/2015, an Entity will be considered as failing or likely to fail in any of the following situations: (i) when the Entity significantly fails, or may reasonably be expected to significantly fail in the near future, to comply with the solvency requirements or other requirements necessary to maintain its authorisation; (ii) when the Entity's enforceable liabilities exceeds its assets, or it is reasonably foreseeable that they will exceed them in the near future; (iii) when the Entity is unable, or it is reasonably foreseeable that it will not be able, to meet its enforceable obligations in a timely manner; or (iv) when the Entity needs extraordinary public financial support (except in limited circumstances). The decision as to whether the Entity is failing or likely to fail may depend on a number of factors which may be outside of that Entity's control.

In line with the provisions of the BRRD, Law 11/2015 contains four resolution tools which may be used individually or in any combination, when the Relevant Spanish Resolution Authority considers that (a) an Entity is non-viable or is failing or likely to fail, (b) there is no reasonable prospect of any other measures that would prevent the failure of such Entity within a reasonable period of time and (c) resolution is necessary or advisable, rather than the winding up of the Entity through ordinary insolvency proceedings, for reasons of public interest.

The four resolution instruments are (i) the sale of the Entity's business, which enables the resolution authorities to transfer, under market conditions, all or part of the business of the Entity being resolved; (ii) bridge institution, which enables resolution authorities to transfer all or part of the business of the Entity to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation, which enables resolution authorities to transfer certain categories of assets (normally impaired or otherwise problematic) to one or more asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) the Spanish Bail-in-Power. Any exercise of the Spanish Bail-in-Power by the Relevant Spanish Resolution Authority may include the write down and/or conversion into equity or other securities or obligations (which equity, securities and obligations could also be subject to any future

application of the Spanish Bail-in-Power) of certain unsecured debt claims of an institution (including the Notes).

In the event that an Entity is in a resolution situation, the **Spanish Bail-in-Power** is understood to mean any write-down, conversion, transfer, modification, or suspension power existing from time to time under: (i) any law, regulation, rule or requirement applicable from time to time in Spain, relating to the transposition or development of the BRRD (as amended, replaced or supplemented from time to time), including, but not limited to (a) Law 11/2015, (b) RD 1012/2015; and (c) the SRM Regulation, each as amended, replaced or supplemented from time to time; or (ii) any other law, regulation, rule or requirement applicable from time to time in Spain pursuant to which (a) obligations or liabilities of banks, investment firms or other financial institutions or their affiliates can be reduced, cancelled, modified, transferred or converted into shares, other securities, or other obligations of such persons or any other person (or suspended for a temporary period or permanently) or (b) any right in a contract governing such obligations may be deemed to have been exercised.

In accordance with the provisions of Article 48 of Law 11/2015 (without prejudice to any exclusions that may be applied by the Relevant Spanish Resolution Authority in accordance with Article 43 of Law 11/2015), in the event of any application of the Spanish Bail-in-Power, any resulting write-down or conversion by the Relevant Spanish Resolution Authority will be carried out in the following sequence: (i) CET1 items; (ii) the principal amount of Additional Tier 1 capital instruments; (iii) the principal amount of Tier 2 capital instruments; (iv) the principal amount of other subordinated claims other than Additional Tier 1 capital or Tier 2 capital; and (v) the principal or outstanding amount of the remaining eligible liabilities in the order of the hierarchy of claims in normal insolvency proceedings (with senior non-preferred claims (*créditos ordinarios no preferentes*) subject to the Spanish Bail-in-Power after any subordinated claims (*créditos subordinados*) of the Issuer under Article 281 of the Insolvency Law but before the other senior claims of the Issuer).

The EBA has published certain technical regulation standards and technical implementation standards to be adopted by the European Commission, in addition to other guidelines. These standards and guidelines could potentially be relevant in determining when or how a Relevant Spanish Resolution Authority may exercise the Spanish Bail-in-Power. These include guidelines on the treatment of shareholders when applying the Spanish Bail-in-Power, as well as on the rate for converting debt into shares or other securities or debentures in the application of the Spanish Bail-in-Power.

To the extent that any resulting treatment of a holder of the Issuer's securities pursuant to the exercise of the Spanish Bail-in-Power is less favourable than would have been the case under such hierarchy in normal insolvency proceedings, a holder of such affected securities would have a right to compensation under the BRRD and the SRM Regulation based on an independent valuation of the institution, in accordance with Article 10 of RD 1012/2015 and the SRM Regulation, together with any other compensation provided for in any Applicable Banking Regulations (as defined below) including, inter alia, compensation in accordance with Article 36.5 of Law 11/2015.

Applicable Banking Regulations means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy, resolution and/or solvency then applicable to the Issuer and/or the Group including, inter alia, the CRD Directive, CRR, BRRD and those laws, regulations, requirements, guidelines and policies relating to capital adequacy, resolution and/or solvency then in effect in Spain (whether or not such regulations, requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer and/or the Group).

Relevant Spanish Resolution Authority means the FROB, the SRB, the Bank of Spain, the Spanish Securities Market Commission or any other entity with the authority to exercise any of the resolution tools and powers contained in the BRRD, Law 11/2015 and the SRM Regulation from time to time.

Law 11/2015 means Law 11/2015 of 18th June on the recovery and resolution of credit institutions and investment firms (*Ley 11/2015, de 18 de junio, de recuperación y resolución de entidades de crédito y empresas de servicios de inversión*), as amended, replaced or supplemented from time to time.

MREL

The BRRD prescribes that banks shall hold a minimum level of own funds and eligible liabilities in relation to total liabilities known as MREL. According to Commission Delegated Regulation (EU) 2016/1450 of 23rd May, 2016 (the **MREL Delegated Regulation**), the level of own funds and eligible liabilities required under MREL will be set by the resolution authority, in agreement with the competent authority, for each bank (and/or group) based on, among other things, the criteria set forth in Article 45c.1 of the BRRD, including the systemic importance of the institution. Eligible liabilities may be senior or subordinated, provided that, among other requirements, they have a remaining maturity of at least one year and, if governed by a non-EU law, they must be able to be written down or converted by the resolution authority of a Member State under that law or through contractual provisions.

On November 19, 2019, the Issuer announced that it had received notification from the Bank of Spain regarding its MREL, as determined by the SRB. The Issuer's MREL has been set at 15.16 per cent. of the total liabilities and own funds of the Bank's resolution group, at a sub-consolidated level from January 1, 2021 (as detailed below). Likewise, of this MREL, 8.01 per cent. of the total liabilities and own funds must be met with subordinated instruments, once the allowance established in the requirement itself has been applied. This MREL is equivalent to 28.50 per cent. of the RWAs, while the subordination requirement included in the MREL is equivalent to 15.05 per cent. in terms of the RWAs, once the corresponding allowance has been applied.

As of 31st December, 2017 (reference date taken by the SRB), the total liabilities and own funds of the Issuer's resolution group amounted to €371,910 million, of which the total liabilities and equity of the Issuer represented approximately 95 per cent., and the RWAs of the Issuer's resolution group amounted to €197,819 million.

If the FROB, the SRM or a Relevant Spanish Resolution Authority considers that there may be any obstacles to resolvability by the Issuer and/or the Group, a higher MREL could be imposed.

The EU Banking Reforms provide that a bank's MREL breach is dealt with by the competent authorities through their powers to address or remove obstacles to resolution, the exercise of their supervisory powers and their power to impose early action measures, administrative sanctions and other administrative measures. If there were a deficit in the level of an entity's eligible own funds and liabilities, and that entity's own funds were contributing to meeting the "combined buffer requirement," these own funds would automatically go toward meeting the MREL of such entity and would cease to be applied in order to comply with its "combined buffer requirement", which could lead to the entity failing to comply with its "combined buffer requirement". This could involve triggering the MDA calculation and the resolution authority may have the power (but not the obligation) to impose restrictions on the making of discretionary payments. Therefore, with the entry into force of the EU Banking Reforms, the Issuer will have to fully comply with its "combined buffer requirement", in addition to its MREL, to ensure that it can make discretionary payments.

In addition, in accordance with the EBA guidelines on the assumptions of triggering the use of early action measures of 8th May, 2015, a significant deterioration in the amount of eligible liabilities and own funds held by an entity in order to comply with its MREL could place an entity in a situation where the conditions for early action are met, which could entail the application of early action measures by the competent resolution authority, which in the Spanish case are detailed in Articles 9 and 10 of Law 11/2015, including the intervention or provisional replacement of administrators.

On 9th November, 2015, the FSB published its final Total Loss-Absorbing Capacity (TLAC) Principles and Term Sheet (the **TLAC Principles and Term Sheet**), proposing that G-SIBs maintain significant minimum amounts of liabilities that are subordinated (by law, contract or structurally) to certain prior-ranking liabilities, such as guaranteed insured deposits, and forming a new standard for G-SIBs. The TLAC Principles and Term Sheet contain a set of principles on loss-absorbing and recapitalisation capacity of G-SIBs in resolution and a term sheet for the implementation of these principles in the form of an internationally agreed standard. The TLAC Principles and Term Sheet require a minimum TLAC requirement to be determined individually for each G-SIB at the greater of (i) 16 per cent. of RWAs as of 1st

January, 2019 and 18 per cent. as of 1st January, 2022, and (ii) 6 per cent. of the Basel III Tier 1 leverage ratio exposure measured as of 1st January, 2019, and 6.75 per cent. as of 1st January, 2022.

Among other amendments, BRRD II introduces the concepts of resolution institution and resolution group. The EU Banking Reforms provide for the amendment of a number of aspects of the MREL framework to align it with the TLAC standards included in the TLAC Principles and Term Sheet. To maintain coherence between the MREL rules applicable to G-SIBs and those applicable to non-G-SIBs, the BRRD II also provide for a number of changes to the MREL rules applicable to non-G-SIBs. While the EU Banking Reforms provide for minimum harmonised or “Pillar 1” MRELs for G-SIBs, in the case of non-G-SIBs, they provide that MRELs will be imposed on a bank-specific basis. For G-SIBs, the EU Banking Reforms provide that a supplementary or “Pillar 2” MRELs may be further imposed on a bank-specific basis. The EU Banking Reforms further provide for the resolution authorities to give guidance to an institution to have own funds and eligible liabilities in excess of the requisite levels for certain purposes.

Following the application of CRR II, CRR will establish that an institution’s eligible liabilities will consist of its eligible liability items (as defined therein) after a number of mandatory deductions and, in order to be considered as eligible liabilities, it is stipulated, for example, that the instruments must meet the requirements set out in Article 72b of the CRR, which includes the need for those instruments to rank below the liabilities excluded under Article 72.a.2 of the CRR.

To facilitate compliance with this requirement, Directive (EU) 2017/2399 of the European Parliament and of the Council of 12th December, 2017 amending Directive 2014/59/EU as regards the ranking of unsecured debt instruments in insolvency hierarchy was approved with the aim to harmonise national laws on insolvency and recovery and resolution of credit institutions and investment firms, by creating a new credit class of “non-preferred” senior debt that should only be bailed-in after junior ranking instruments but before other senior liabilities. In this regard, on 23rd June, 2017 Royal Decree-Law 11/2017 of 23rd June on urgent measures in financial matters (*Real Decreto-ley 11/2017, de 23 de junio, de medidas urgentes en materia financiera*) introduced into Spanish law the new class of “non-preferred” senior debt.

Notwithstanding the foregoing, CRR II provides for some exemptions which could allow certain outstanding senior debt instruments to be used to comply with MREL. However, there is uncertainty insofar as such eligibility is concerned and how the regulations and exemptions provided for in the EU Banking Reforms are to be interpreted and applied. In any event, BRRD II aims to provide greater certainty with respect to eligible liabilities, in order to provide markets with the necessary clarity concerning the eligibility criteria for instruments to be recognized as eligible liabilities for TLAC or MREL purposes.

The EU Banking Reforms further include, as part of MREL, a new subordination requirement of eligible instruments for G-SIBs and “top tier” banks (including the Issuer) that is determined according to their systemic importance, involving a minimum “Pillar 1” subordination requirement. This “Pillar 1” subordination requirement shall be satisfied with own funds and other eligible MREL instruments (which MREL instruments may not for these purposes be senior debt instruments and only MREL instruments constituting “non-preferred” senior debt under the new insolvency hierarchy introduced into Spain and other subordinated liabilities will be eligible for compliance with the subordination requirement). For “top tier” banks such as the Issuer, this “Pillar 1” subordination requirement has been determined as the higher of 13.5 per cent. of the Issuer’s RWAs and 5 per cent. of its leverage exposure. Resolution authorities may also impose further “Pillar 2” subordination requirements, which would be determined on a case-by-case basis but at a minimum level equal to the lower of 8 per cent. of a bank’s total liabilities and own funds and 27 per cent. of its RWAs.

FORM OF THE PRICING SUPPLEMENT

MIFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes taking into account the five categories referred to in item 18 of the Guidelines published by the European Securities and Markets Authority on 5th February, 2018 (as amended, replaced or supplemented from time to time) has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, **MiFID II**); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.

Banco Bilbao Vizcaya Argentaria, S.A.

Issuer Legal Entity Identifier (LEI): K8MS7FD7N5Z2WQ51AZ71

Issue of [] []

under the €10,000,000,000

Euro-Commercial Paper Programme

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Notes described herein. This document constitutes the Pricing Supplement for such Notes and must be read in conjunction with the Information Memorandum dated 11th December, 2020, [as supplemented by the supplement[s] dated [date[s]]] (the **Information Memorandum**).

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Information Memorandum.

The Information Memorandum has been published on the website of Euronext Dublin.

1. Series Number: []
2. Issued on (Issue Date): []
3. Maturity Date¹: []
4. Specified Currency: []
5. Denomination: []
6. Nominal Amount²: []
(words and figures if a Sterling Note)
7. Early Redemption Amount: [Redemption at par] [[]] per Note of []

¹ Not more than 364 days from (and including) the Issue Date.

² If the proceeds are accepted in the United Kingdom, the Nominal Amount shall be not less than £100,000 (or the equivalent in any other currency) and if a Sterling Note, the Notes must have a minimum denomination of £200,000.

- [Denomination]]
8. Reference Rate³: [] months [LIBOR/EURIBOR]
9. Fixed Interest Rate⁴: []% per annum
10. Margin⁵: []%
11. Net Proceeds: []
12. Interest Payment Dates⁶: []
13. Day Count Convention: []
14. Calculation Agent: []
15. Reference Banks⁷: []
16. Clearing System(s): [Euroclear, Clearstream, Luxembourg, other (specify)]
17. ISIN: []
18. Common Code: []
19. CFI: []/Not Available
20. FISN: []/Not Available

The information contained in this enclosed section is required only if Notes are to be admitted to trading on a regulated market:-

Form

21. NGN form: [Yes/No]
22. Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation “yes” does not necessarily mean that the Global Note will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met. The Global Note will be deposited initially upon issue with one of the ICSDs as common safekeeper][include this text if “yes” selected in which case the Notes must be issued in NGN form]
- [No. Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Global Note is capable

³ Delete as appropriate. The reference rate will be LIBOR unless the denomination is specified as euro and the Issuer agrees that the reference rate should be EURIBOR.

⁴ Complete for fixed rate interest bearing Notes only.

⁵ Complete for floating rate interest bearing Notes only.

⁶ Complete for interest bearing Notes.

⁷ Complete for floating rate interest bearing Notes only.

of meeting them the Global Note may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Global Note will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

Distribution

23. Method of distribution: [Syndicated/Non-syndicated]
24. Dealer(s): []
25. Additional selling restrictions: [Not Applicable/specify]

Listing and Admission to Trading

26. Listing and admission to trading: [Application has been made by the Issuer (or on its behalf) to [Euronext Dublin/other (specify)] for the Notes to be admitted to [the Official List maintained by it and to] trading on its regulated market with effect from []]
27. Estimate of total expenses of admission to trading: €[]

Ratings

28. Ratings: The Issuer has not applied for ratings to be assigned to the Notes. However, ratings allocated to the Programme are as follows:
- [Standard and Poor's Credit Market Services Europe Limited: [●]]
- [Moody's Investors Service España, S.A.: [●]]
- [Fitch Ratings España, S.A.U.: [●]]

Yield

29. Indication of yield [*fixed rate Notes only*]: []. The yield is calculated at the Issue Date on the basis of the issue price. It is not an indication of future yield.

Interests of Natural and Legal Persons involved in the Issue

Save for [any fees/the fees of [*insert relevant fee disclosure*]] payable to the relevant Dealer, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer [*amend accordingly if there are material interests*]

Responsibility

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of:

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

By:
(*Authorised Signatory*)

FORM OF THE NOTES

Part A – Form of Multi-Currency Global Note

THE SECURITIES REPRESENTED BY THIS GLOBAL NOTE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**) OR ANY U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT) UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE AND IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER JURISDICTION. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE SECURITIES OF THE TRANCHE OF WHICH THIS SECURITY FORMS PART.

Banco Bilbao Vizcaya Argentaria, S.A.

1. For value received, Banco Bilbao Vizcaya Argentaria, S.A. (the **Issuer**) promises to pay to the bearer of this Global Note on the Maturity Date set out in the Pricing Supplement attached to or endorsed on this Global Note, which supplements these terms and conditions, or, on such earlier date as the same may become payable in accordance with paragraph 4 below (the **Relevant Date**), the Nominal Amount or, as the case may be, the Early Redemption Amount set out in the Pricing Supplement, together with interest thereon, if this is an interest bearing Global Note, at the rate and at the times (if any) specified herein and in the Pricing Supplement. Words and expressions used in the applicable Pricing Supplement shall have the same meanings where used in these terms and conditions unless the context otherwise requires or unless otherwise stated.

All such payments shall be made in accordance with an amended and restated issue and paying agency agreement dated 13th December, 2019 as supplemented by a supplemental issue and paying agency agreement dated 11th December, 2020 (such amended and restated issue and paying agency agreement as further amended, restated, supplemented or replaced from time to time, the **Agency Agreement**) between, *inter alios*, the Issuer and The Bank of New York Mellon, London Branch (the **Issuing and Paying Agent**) a copy of which is available for inspection at the offices of the Issuing and Paying Agent at One Canada Square, Canary Wharf, London E14 5AL, and subject to and in accordance with the terms and conditions set forth below. All such payments shall be made upon presentation and surrender of this Global Note at the offices of the Issuing and Paying Agent by transfer to an account denominated in the Specified Currency maintained by the bearer with a bank in the principal financial centre in the country of that currency or, if this is a Global Note denominated in euro, by transfer to a euro account (or any other account to which euro may be credited or transferred) maintained by the payee with a bank in the principal financial centre of any member state of the European Union or London. If the applicable Pricing Supplement specifies that new global note (NGN) form is applicable, the Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the ICSDs (as defined below) (which expression in this Global Note means the records that each ICSD holds for its customers which reflect the amount of such customers' interests in the Notes (but excluding any interest in any Notes of one ICSD shown in the records of another ICSD)) and in the case of any payment of principal, and upon any such entry being made, the nominal amount of the Global Note recorded in the records of the ICSD and represented by this Global Note shall be reduced by the aggregate nominal amount of the Notes so redeemed. For the purposes of this Global Note **ICSD** means either Euroclear Bank SA/NV (**Euroclear**) or Clearstream Banking, S.A. (**Clearstream, Luxembourg**).

Notwithstanding the foregoing, presentation and surrender of this Global Note shall be made outside the United States and no amount shall be paid by transfer to an account in the United States, or mailed to an address in the United States. In the case of a Global Note denominated in U.S. dollars, payments shall be made by transfer to an account denominated in U.S. dollars in the principal financial centre of any country outside of the United States that the Issuer or Issuing and Paying Agent so chooses.

2. The aggregate Nominal Amount of this Global Note shall be the aggregate nominal amount of the Notes represented by it. If the applicable Pricing Supplement specifies that NGN form is not applicable, this shall be the amount specified in the Pricing Supplement or, if the Pricing Supplement specifies that NGN form is applicable, this shall be the amount from time to time entered in the records of the relevant ICSD(s).
3. All payments in respect of this Global Note by or on behalf of the Issuer shall be made without set-off, counterclaim, fees, liabilities or similar deductions and free and clear of, and without deduction or withholding for or on account of, taxes, levies, duties, assessments or charges of any nature (**Taxes**) unless such withholding or deduction is required by law. In the event that any such withholding or deduction is imposed or levied by or on behalf of the Kingdom of Spain or any political subdivision or taxing authority thereof having the power to tax, the Issuer shall, to the extent permitted by applicable law or regulation, pay such additional amounts as shall be necessary in order that the net amounts received by the bearer of this Global Note after such deduction or withholding shall equal the amount which would have been receivable hereunder in the absence of such deduction or withholding, except that no such additional amounts shall be payable:
 - (a) to, or to a third party on behalf of, the bearer of this Global Note where such deduction or withholding is required by reason of the bearer having some connection with the jurisdiction imposing the Taxes other than the mere holding of this Global Note; or
 - (b) in respect of any deduction or withholding which would not have been required but for the presentation by the bearer of this Global Note for payment on a date more than 30 days after the Maturity Date (or, as the case may be, the Relevant Date) except to the extent that the bearer would have been entitled to such additional amounts on presenting the same for payment on such thirtieth day; or
 - (c) presented for payment by or on behalf of a holder who would not be liable or subject to the withholding or deduction by making a declaration concerning the nationality, residence or identity of the holder (or providing information, documentation or other evidence of the same) or other similar claim for exemption to the relevant tax authority or to (or on behalf of) the Issuer, where such declaration or claim is required or imposed by the Spanish Tax Authorities; or
 - (d) in case of Notes where such withholding tax is imposed on payments made to individuals with tax residence in the Kingdom of Spain or any political subdivision or taxing authority thereof or therein following the criteria held by the Spanish Tax Authorities in relation to Article 44.5 of Royal Decree 1065/2007 of 27th July, as amended by Royal Decree 1145/2011 of 29th July; or
 - (e) to, or to a third party on behalf of, a holder if the Issuer does not receive any relevant information as may be required by Spanish tax law, regulation or binding ruling, including a duly executed and completed certificate from the Issuing and Paying Agent issued in accordance with Royal Decree 1065/2007 of 27th July, or in case the current information procedures are modified, amended or supplemented by any Spanish law, regulation or binding ruling.

4. The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (provided this is not a floating rate interest bearing Global Note) or on any Interest Payment Date (if this is a floating rate interest bearing Global Note), on giving not less than 14 days' notice to the Issuing and Paying Agent and the Noteholders (which notice shall be irrevocable), if:
- (a) the Issuer has or will become obliged to pay additional amounts as provided or referred to in paragraph 3 as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any change in the application or binding official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date; and
 - (b) such obligation to pay additional amounts cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 14 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Issuing and Paying Agent to make available at its specified office to the Noteholders:

- (a) a certificate signed by a duly authorised signatory of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and
- (b) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this paragraph will be redeemed at their Early Redemption Amount specified in the Pricing Supplement together (if appropriate) with interest accrued to (but excluding) the date of redemption.

5. The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer, representing, in the case of each Note, a separate and independent obligation of the Issuer, and, upon the insolvency (*concurso de acreedores*) of the Issuer, in accordance with and to the extent permitted by the Insolvency Law and other applicable laws relating to or affecting the enforcement of creditors' rights in the Kingdom of Spain (including, without limitation, Additional Provision 14.2 of Law 11/2015), the payment obligations of the Issuer under the Notes with respect to claims for principal (which claims will constitute ordinary claims) will rank:
- (a) junior to any (i) privileged claims (*créditos privilegiados*) (which shall include, among other claims, any claims in respect of deposits for the purposes of Additional Provision 14.1 of Law 11/2015) and (ii) claims against the insolvency estate (*créditos contra la masa*);
 - (b) *pari passu* without any preference or priority among themselves and with all other Senior Preferred Obligations; and
 - (c) senior to (i) any Senior Non-Preferred Obligations and (ii) all subordinated obligations of, or subordinated claims against, the Issuer (*créditos subordinados*), present and future,

such that any claim for principal in respect of the Notes will be satisfied, as appropriate, only to the extent that all claims ranking senior to it have first been satisfied in full and then *pro rata* with any claims ranking *pari passu* with it, in each case as provided above.

For the purposes of this paragraph:

Insolvency Law means Royal Legislative Decree 1/2020, of 5th May, approving the restated text of the insolvency law (*Real Decreto Legislativo 1/2020, de 5 de mayo, por el que se aprueba el texto refundido de la Ley Concursal*), as amended, replaced or supplemented from time to time;

Law 11/2015 means Law 11/2015 of 18th June on the recovery and resolution of credit institutions and investment firms (*Ley 11/2015, de 18 de junio, de recuperación y resolución de entidades de crédito y empresas de servicios de inversión*), as amended, replaced or supplemented from time to time;

ordinary claims means the class of claims with respect to unsecured, non-privileged and unsubordinated obligations (*créditos ordinarios*) of the Issuer which, upon the insolvency (*concurso de acreedores*) of the Issuer and pursuant to Articles 269.3, 433, 434 and 435 of the Insolvency Law and other applicable laws relating to or affecting the enforcement of creditors' rights in the Kingdom of Spain, rank (i) junior to privileged claims (*créditos privilegiados*) (which shall include, among other claims, any claims in respect of deposits for the purposes of Additional Provision 14.1 of Law 11/2015 and any secured claims), and claims against the insolvency estate (*créditos contra la masa*) and (ii) senior to subordinated claims (*créditos subordinados*);

Senior Non-Preferred Obligations means the obligations of the Issuer with respect to all ordinary claims, present and future, which, upon the insolvency (*concurso de acreedores*) of the Issuer are expressed to rank within the ordinary claims but junior to Senior Preferred Obligations; and

Senior Preferred Obligations means the obligations of the Issuer with respect to (a) the payment of principal under the Notes and (b) all other ordinary claims, present and future, other than Senior Non-Preferred Obligations.

Pursuant to article 152 of the Insolvency Law, the further accrual of interest shall be suspended from the date of declaration of the insolvency of the Issuer. Claims in respect of interest on the Notes expressly or implicitly accrued but unpaid as of the commencement of any insolvency procedure in respect of the Issuer shall constitute subordinated claims against the Issuer ranking in accordance with the provisions of article 281 of the Insolvency Law (including, without limitation, junior to claims on account of principal in respect of contractually subordinated obligations of the Issuer, unless otherwise provided by the Insolvency Law and other applicable laws relating to or affecting the enforcement of creditors' rights in the Kingdom of Spain).

6. If the Maturity Date (or, as the case may be, the Relevant Date) or, if applicable, any relevant Interest Payment Date is not a Payment Business Day (as defined below), payment in respect hereof will not be made and credit or transfer instructions shall not be given until the next following Payment Business Day (unless that date falls more than 364 days after the Issue Date, in which case payment shall be made on the immediately preceding Payment Business Day) and the bearer of this Global Note shall not be entitled to any interest or other sums in respect of such postponed payment.

As used in this Global Note:

Payment Business Day means any day other than a Saturday or Sunday which is either (i) if the Specified Currency is any currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars, shall be Sydney) or (ii) if the Specified Currency is euro, a day which is a TARGET2 Business Day; and

TARGET2 Business Day means a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (known as TARGET2) System or any successor thereto, is operating credit or transfer instructions in respect of payments in euro.

7. This Global Note is negotiable and, accordingly, title hereto shall pass by delivery and the bearer shall be treated as being absolutely entitled to receive payment upon due presentation hereof (notwithstanding any notation of ownership or other writing thereon or notice of any previous loss or theft thereof).
8. This Global Note is issued in respect of an issue of Notes of the Issuer and is exchangeable in whole (but not in part only) for duly executed and authenticated bearer Notes in definitive form (whether before, on or, subject as provided below, after the Maturity Date (or, as the case may be, the Relevant Date)):
 - (a) if one or both of Euroclear or Clearstream, Luxembourg or any other relevant clearing system(s) in which this Global Note is held at the relevant time is closed for business for a continuous period of 14 days (other than by reason of public holidays) or if any such clearing system announces an intention to, or does in fact, permanently cease to do so; or
 - (b) if default is made in the payment of any amount payable in respect of this Global Note.

Upon presentation and surrender of this Global Note during normal business hours to the Issuer at the offices of the Issuing and Paying Agent (or to any other person or at any other office outside the United States as may be designated in writing by the Issuer to the bearer), the Issuing and Paying Agent shall authenticate and deliver, in exchange for this Global Note, bearer definitive Notes denominated in the Specified Currency, having the Denominations and in an aggregate nominal amount equal to the Nominal Amount within 30 days of the bearer requesting such exchange of this Global Note.

9. If, upon any such default and following such surrender, definitive Notes are not issued in full exchange for this Global Note before 5.00 p.m. (London time) on the thirtieth day after surrender, then each person who is an account holder with Euroclear, Clearstream, Luxembourg or any other relevant clearing system and who has credited to its securities account with the relevant clearing system rights in respect of this Global Note will become entitled to proceed directly against the Issuer on, and subject to, the terms of a Deed of Covenant dated 16th December, 2016, entered into by the Issuer and the bearer will have no further rights under this Global Note (but without prejudice to the rights which the bearer or any other person may have under the Deed of Covenant).
10. If this is an interest bearing Global Note, then:
 - (a) notwithstanding the provisions of paragraph 1 above, if any payment of interest in respect of this Global Note falling due for payment prior to the Maturity Date (or, as the case may be, the Relevant Date) remains unpaid on the fifteenth day after falling so due, the amount referred to in paragraph 1 shall be payable on such fifteenth day;
 - (b) upon each payment of interest (if any) prior to the Maturity Date (or, as the case may be, the Relevant Date) in respect of this Global Note, (i) if the applicable Pricing Supplement specifies that NGN form is not applicable, the Schedule hereto shall be duly completed by the Issuing and Paying Agent to reflect such payment, or (ii) if the applicable Pricing Supplement specifies that NGN form is applicable, the Issuing and Paying Agent shall instruct the relevant ICSD(s) to enter details of such payment in the records of the relevant ICSD(s); and
 - (c) unless otherwise specified in the applicable Pricing Supplement, the final Interest Payment Date shall be the Maturity Date (or, as the case may be, the Relevant Date).

11. If this is a fixed rate interest bearing Global Note, interest shall be calculated on the Nominal Amount as follows:

- (a) interest shall be payable on the Nominal Amount in respect of each successive Interest Period (as defined below) from (and including) the Issue Date to (but excluding) the Maturity Date (or, as the case may be, the Relevant Date) only, in arrear on the relevant Interest Payment Date, on the basis of the Day Count Convention or, if none is specified in the applicable Pricing Supplement, on the basis of the actual number of days in such Interest Period and a year of 360 days or, if this Global Note is denominated in Sterling, 365 days at the Fixed Interest Rate with the resulting figure being rounded to the nearest amount of the Specified Currency which is available as legal tender in the country or countries (in the case of the euro) of the Specified Currency (with halves being rounded upwards); and
- (b) the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is an **Interest Period** for the purposes of this paragraph.

As used in this Global Note, any **Day Count Convention** shall have the meaning given to it in the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., as amended, updated or replaced as at the date of this Global Note.

12. If this is a floating rate interest bearing Global Note:

- (a) interest shall be calculated on the Nominal Amount as follows:
 - (i) in the case of a Global Note which specifies LIBOR as the Reference Rate in the applicable Pricing Supplement, interest shall be payable on the Nominal Amount in respect of each successive Interest Period (as defined below) from (and including) the Issue Date to (but excluding) the Maturity Date (or, as the case may be, the Relevant Date) only, in arrear on the relevant Interest Payment Date, on the basis of the Day Count Convention or, if none is specified in the applicable Pricing Supplement, on the basis of the actual number of days in such Interest Period, and a year of 360 days or, if this Global Note is denominated in Sterling, 365 days, in each case, at a rate (the **Rate of Interest**) determined on the following basis:
 - (A) on the second business day (which shall be a day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London) before each Interest Period or, if this Global Note is denominated in euro, on the second TARGET2 Business Day before the beginning of each Interest Period (each the **LIBOR Interest Determination Date**) the Calculation Agent will determine the offered rate for deposits in the Specified Currency in the London interbank market for the Interest Period concerned as at 11.00 a.m. (London time) on the LIBOR Interest Determination Date in question. Such offered rate will be that which appears on the display designated as Reuters page LIBOR01 or Reuters page LIBOR02 (or such other page or service as may replace it for the purpose of displaying London interbank offered rates of major banks for deposits in the Specified Currency for a duration equal to the Interest Period (or approximately equal, where no rate matches the Interest Period)). The Rate of Interest for such Interest Period shall be the Margin (expressed as a percentage rate per annum) above (if a positive number) or below (if a negative number) the rate which so appears, as determined by the Calculation Agent;

- (B) if on any LIBOR Interest Determination Date for any reason such offered rate is unavailable the Calculation Agent will request each of the Reference Banks to provide its offered quotation to leading banks in the London interbank market for deposits in the relevant currency for a duration equal to the Interest Period concerned as at 11.00 a.m. (London time) on the LIBOR Interest Determination Date in question. The Rate of Interest for such Interest Period shall be the Margin (expressed as a percentage rate per annum) above (if a positive number) or below (if a negative number) such quotation (if only one is provided) or the arithmetic mean (rounded, if necessary, up to the nearest four decimal places) of such quotations (if two are so provided), as determined by the Calculation Agent; and
 - (C) if the Calculation Agent is unable to determine the Rate of Interest for an Interest Period in accordance with (A) or (B) above, the Rate of Interest for such Interest Period shall be the Rate of Interest in effect for the last preceding Interest Period to which (A) or (B) above shall have applied; and
- (ii) in the case of a Global Note which specifies EURIBOR as the Reference Rate in the applicable Pricing Supplement, interest shall be payable on the Nominal Amount in respect of each successive Interest Period from (and including) the Issue Date to (but excluding) the Maturity Date (or, as the case may be, the Relevant Date) only, in arrear on the relevant Interest Payment Date, on the basis of the Day Count Convention or, if none is specified in the applicable Pricing Supplement, on the basis of the actual number of days in such Interest Period and a year of 360 days at a rate (the **Rate of Interest**) determined on the following basis:
 - (A) on the second TARGET2 Business Day before the beginning of each Interest Period (each the **EURIBOR Interest Determination Date**) the Calculation Agent will determine the European Interbank Offered Rate for deposits in euro for the Interest Period concerned as at 11.00 a.m. (Brussels time) on the EURIBOR Interest Determination Date in question. Such offered rate will be that which appears on the display designated as Reuters page EURIBOR01 (or such other page or service as may replace it for the purpose of displaying Eurozone Interbank Offered Rates of prime banks in the Eurozone (as defined below) for deposits in euro for a duration equal to the Interest Period (or approximately equal, where no rate matches the Interest Period)). The Rate of Interest for such Interest Period shall be the Margin (expressed as a percentage rate per annum) above (if a positive number) or below (if a negative number) the rate which so appears, as determined by the Calculation Agent;
 - (B) if on any EURIBOR Interest Determination Date for any reason such offered rate is unavailable the Calculation Agent will request the principal Eurozone office of each of the Reference Banks to provide its offered quotation to prime banks in the Eurozone interbank market for deposits in euro for a duration equal to the Interest Period (or approximately equal, where no rate matches the Interest Period) concerned as at 11.00 a.m. (Brussels time) on the EURIBOR Interest Determination Date in question. The Rate of Interest for such Interest Period shall be the Margin (expressed as a percentage rate per annum) above (if a positive number) or below (if a negative number) such quotation (if only one is provided) or the arithmetic mean (rounded, if necessary, up to the nearest four decimal places) of such quotations (if two or more are so provided), as determined by the Calculation Agent; and

- (C) if the Calculation Agent is unable to determine the Rate of Interest for an Interest Period in accordance with (A) or (B) above, the Rate of Interest for such Interest Period shall be the Rate of Interest in effect for the last preceding Interest Period to which (A) or (B) above shall have applied;

for the purposes of this Global Note, **Eurozone** means the region comprised of the countries whose lawful currency is the euro;

- (b) the Calculation Agent will, as soon as practicable after 11.00 a.m. (London time) on each LIBOR Interest Determination Date or 11.00 a.m. (Brussels time) on each EURIBOR Interest Determination Date (as the case may be), determine the Rate of Interest and calculate the amount of interest payable (the **Amount of Interest**) for the relevant Interest Period. The Amount of Interest shall be calculated by applying the Rate of Interest to the Denomination, multiplying such product by the Day Count Convention or, if none is specified in the applicable Pricing Supplement, by the actual number of days in the Interest Period concerned divided by 360 or, if this Global Note is denominated in Sterling, by 365 and rounding the resulting figure to the nearest amount of the Specified Currency which is available as legal tender in the country or countries (in the case of the euro) of the Specified Currency (with halves being rounded upwards). The determination of the Rate of Interest and the Amount of Interest by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties;
- (c) a certificate of the Calculation Agent as to the Rate of Interest payable hereon for any Interest Period shall be conclusive and binding as between the Issuer and the bearer hereof;
- (d) the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is called an **Interest Period** for the purposes of this paragraph; and
- (e) the Issuer will procure that a notice specifying the Rate of Interest payable in respect of each Interest Period be published as soon as practicable after the determination of the Rate of Interest. Such notice will be delivered to Euroclear and/or Clearstream, Luxembourg or, if this Global Note has been exchanged for bearer definitive Notes pursuant to paragraph 9, will be published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*). In addition, for so long as the Notes are listed on the Irish Stock Exchange plc, trading as Euronext Dublin (**Euronext Dublin**), all notices required to be published concerning the Notes shall be published on the website of Euronext Dublin or, in lieu of such publication, the Issuer may deliver the relevant notice to the relevant clearing system(s) or publish the notice by any other means acceptable to Euronext Dublin.

13. Instructions for payment of any amounts payable pursuant to paragraph 1 must be received at the offices of the Issuing and Paying Agent together with this Global Note as follows:

- (a) if this Global Note is denominated in Australian dollars, New Zealand dollars, Hong Kong dollars or Japanese Yen, at least two Business Days prior to the relevant payment date;
- (b) if this Global Note is denominated in United States dollars, Canadian dollars or Sterling, on or prior to the relevant payment date; and
- (c) in all other cases, at least one Business Day prior to the relevant payment date.

As used in this paragraph, **Business Day** means:

- (i) in the case of payments in any currency other than euro, a day other than a Saturday or Sunday on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London; and
 - (ii) in the case of payments in euro, a TARGET2 Business Day and, in all other cases, a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre in the country of the Specified Currency.
- 14. This Global Note shall not be validly issued unless manually authenticated by The Bank of New York Mellon, London Branch as Issuing and Paying Agent. If the applicable Pricing Supplement specifies that NGN form is applicable, this Global Note shall not be valid for any purpose until it has been effectuated for and on behalf of the entity appointed as common safekeeper by the relevant ICSD(s).
- 15. This Global Note (other than paragraphs 5 and 20) and any non-contractual obligations arising out of or in connection with this Global Note are governed by, and shall be construed in accordance with, English law. Paragraphs 5 and 20 (and any non-contractual obligations arising out of or in connection with them) are governed by, and shall be construed in accordance with, Spanish law. The Notes are issued in accordance with the formalities prescribed by Spanish law.
- 16.
 - (a) *Jurisdiction*: the Issuer agrees for the benefit of the bearer that the courts of England shall have exclusive jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with this Global Note (respectively, **Proceedings** and **Disputes**) and, for such purposes, irrevocably submits to the jurisdiction of such courts.
 - (b) *Appropriate forum*: The Issuer irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes, and agrees not to claim that any such court is not a convenient or appropriate forum.
 - (c) *Non-exclusivity*: The submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of the bearer to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.
 - (d) *Service of process*: The Issuer agrees that process may be served on it in England at its London branch being its registered office for the time being in England, and agrees that, in the event of its London branch ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.
- 17. Claims for payment of principal and interest (if applicable) in respect of this Global Note shall become void unless made, in the case of principal, within ten years after the Maturity Date (or, as the case may be, the Relevant Date) or, in the case of interest, within five years after the relevant Interest Payment Date.
- 18. No person shall have any right to enforce any provision of this Global Note under the Contracts (Rights of Third Parties) Act 1999 but this does not affect any right or remedy of any person which exists or is available apart from that Act.

19. If any provision in or obligation under this Global Note is or becomes invalid, illegal or unenforceable in any respect under the law of any jurisdiction, that will not affect or impair (i) the validity, legality or enforceability under the law of that jurisdiction of any other provision in or obligation under this Global Note, and (ii) the validity, legality or enforceability under the law of any other jurisdiction of that or any other provision in or obligation under this Global Note.
20. Notwithstanding any other term of this Global Note or any other agreements, arrangements, or understandings between the Issuer and the bearer, by its acquisition of this Global Note, the bearer acknowledges, accepts, consents to and agrees to be bound by:
- (a) the exercise and effect of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority, which may be imposed with or without any prior notice with respect to this Global Note, and which may include and result in any of the following, or some combination thereof:
 - (i) the reduction or cancellation of all, or a portion, of the Amounts Due;
 - (ii) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer, the Issuer and its consolidated subsidiaries, or another person (and the issue to or conferral on the bearer of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of this Global Note;
 - (iii) the cancellation of this Global Note; and
 - (iv) the amendment or alteration of the maturity of this Global Note or amendment of the amount of interest payable on this Global Note, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and
 - (b) the variation of the terms of this Global Note, as deemed necessary by the Relevant Spanish Resolution Authority, to give effect to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority.

The exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority pursuant to any relevant laws, regulations, rules or requirements in effect in the Kingdom of Spain is not dependent on the application of this paragraph 20.

In this Global Note:

Amounts Due means the nominal amount of or outstanding amount, together with any accrued but unpaid interest, due on this Global Note. References to such amount will include amounts that have become due and payable, but which have not been paid, prior to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority;

BRRD means Directive 2014/59/EU of 15th May establishing the framework for the recovery and resolution of credit institutions and investment firms or such other directive as may come into effect in place thereof, as implemented into Spanish law by Law 11/2015 and RD 1012/2015, as amended or replaced from time to time and including any other relevant implementing regulatory provisions;

regulated entity means any entity eligible for resolution under the laws of the Kingdom of Spain;

Relevant Spanish Resolution Authority means the Fund for Orderly Bank Restructuring (*Fondo de Reestructuración Ordenada Bancaria*), the Single Resolution Board, the Bank of Spain, the Spanish Securities Market Commission or any other entity with the authority to exercise any the resolution tools and powers contained in Law 11/2015 from time to time; and

Spanish Bail-in Power means any write-down, conversion, transfer, modification, or suspension power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the Kingdom of Spain, relating to the resolution of credit entities and/or transposition of the BRRD, including, but not limited to (i) Law 11/2015 (ii) RD 1012/2015 (iii) Regulation (EU) No. 806/2014 of the European Parliament and the Council of 15th July, 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of the Single Resolution Mechanism and the Single Resolution Fund and amending Regulation (EU) No. 1093/2010, as amended or replaced from time to time, and (iv) any other instruments, rules or standards made or implemented in connection with either (i), (ii) or (iii), pursuant to which any obligation of a regulated entity (or other affiliate of such regulated entity) can be reduced, cancelled, modified, transferred or converted into shares, other securities, or other obligations of such regulated entity or any other person (or suspended for a temporary period).

AUTHENTICATED by
**THE BANK OF NEW YORK MELLON,
LONDON BRANCH**
without recourse, warranty or liability and for
authentication purposes only

By:
(*Authorised Signatory*)

Signed on behalf of:
BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

By:
(*Authorised Signatory*)

EFFECTUATED* by or on behalf of
[COMMON SAFEKEEPER]
as common safekeeper

By:
(*Authorised Signatory*)

* This should only be completed where the Pricing Supplement indicates that the New Global Note form is applicable.

SCHEDULE

PAYMENTS OF INTEREST

The following payments of interest in respect of this Global Note have been made:

Date Made	Payment From	Payment To	Amount Paid	Notation on behalf of Issuing and Paying Agent
.....
.....
.....
.....
.....

Part B – Form of Multi-Currency Definitive Note

THE SECURITIES REPRESENTED BY THIS NOTE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**) OR ANY U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT) UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE AND IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER JURISDICTION. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE SECURITIES OF THE TRANCHE OF WHICH THIS SECURITY FORMS PART.

Banco Bilbao Vizcaya Argentaria, S.A.

1. For value received, Banco Bilbao Vizcaya Argentaria, S.A. (the **Issuer**) promises to pay to the bearer of this Note on the Maturity Date set out in the Pricing Supplement attached to or endorsed on this Note, which supplements these terms and conditions, or, on such earlier date as the same may become payable in accordance with paragraph 2 below (the **Relevant Date**), the Nominal Amount or, as the case may be, the Early Redemption Amount set out in the Pricing Supplement, together with interest thereon, if this is an interest bearing Note, at the rate and at the times (if any) specified herein and in the Pricing Supplement. Words and expressions used in the applicable Pricing Supplement shall have the same meanings where used in these terms and conditions unless the context otherwise requires or unless otherwise stated.

All such payments shall be made in accordance with an amended and restated issue and paying agency agreement dated 13th December, 2019 as supplemented by a supplemental issue and paying agency agreement dated 11th December, 2020 (such amended and restated issue and paying agency agreement as further amended, restated, supplemented or replaced from time to time, the **Agency Agreement**) between, *inter alios*, the Issuer and The Bank of New York Mellon, London Branch (the **Issuing and Paying Agent**) a copy of which is available for inspection at the offices of the Issuing and Paying Agent at One Canada Square, Canary Wharf, London E14 5AL, and subject to and in accordance with the terms and conditions set forth below. All such payments shall be made upon presentation and surrender of this Note at the offices of the Issuing and Paying Agent by transfer to an account denominated in the Specified Currency maintained by the bearer with a bank in the principal financial centre in the country of that currency or, if this is a Note denominated in euro, by transfer to a euro account (or any other account to which euro may be credited or transferred) maintained by the payee with a bank in the principal financial centre of any member state of the European Union or London. All payments in respect of this Note by or on behalf of the Issuer shall be made without set-off, counterclaim, fees, liabilities or similar deductions and free and clear of, and without deduction or withholding for or on account of, taxes, levies, duties, assessments or charges of any nature (**Taxes**) unless such withholding or deduction is required by law. In the event that any such withholding or deduction is imposed or levied by or on behalf of the Kingdom of Spain or any political subdivision or taxing authority thereof having the power to tax, the Issuer shall, to the extent permitted by applicable law or regulation, pay such additional amounts as shall be necessary in order that the net amounts received by the bearer of this Note after such deduction or withholding shall equal the amount which would have been receivable hereunder in the absence of such deduction or withholding, except that no such additional amounts shall be payable:

- (a) to, or to a third party on behalf of, the bearer of this Note where such deduction or withholding is required by reason of the bearer having some connection with the jurisdiction imposing the Taxes other than the mere holding of this Note; or

- (b) in respect of any deduction or withholding which would not have been required but for the presentation by the bearer of this Note for payment on a date more than 30 days after the Maturity Date (or, as the case may be, the Relevant Date) except to the extent that the bearer would have been entitled to such additional amounts on presenting the same for payment on such thirtieth day; or
- (c) presented for payment by or on behalf of a holder who would not be liable or subject to the withholding or deduction by making a declaration concerning the nationality, residence or identity of the holder (or providing information, documentation or other evidence of the same) or other similar claim for exemption to the relevant tax authority or to (or on behalf of) the Issuer, where such declaration or claim is required or imposed by the Spanish Tax Authorities; or
- (d) in case of Notes where such withholding tax is imposed on payments made to individuals with tax residence in the Kingdom of Spain or any political subdivision or taxing authority thereof or therein following the criteria held by the Spanish Tax Authorities in relation to Article 44.5 of Royal Decree 1065/2007 of 27th July, as amended by Royal Decree 1145/2011 of 29th July; or
- (e) to, or to a third party on behalf of, a holder if the Issuer does not receive any relevant information as may be required by Spanish tax law, regulation or binding ruling, including a duly executed and completed certificate from the Issuing and Paying Agent issued in accordance with Royal Decree 1065/2007 of 27th July, or in case the current information procedures are modified, amended or supplemented by any Spanish law, regulation or binding ruling.

2. The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this is not a floating rate interest bearing Note) or on any Interest Payment Date (provided this is a floating rate interest bearing Note), on giving not less than 14 days' notice to the Issuing and Paying Agent and the Noteholders (which notice shall be irrevocable), if:

- (a) the Issuer has or will become obliged to pay additional amounts as provided or referred to in paragraph 1 as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any change in the application or binding official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date; and
- (b) such obligation to pay additional amounts cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 14 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Issuing and Paying Agent to make available at its specified office to the Noteholders:

- (a) a certificate signed by a duly authorised signatory of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and
- (b) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this paragraph will be redeemed at their Early Redemption Amount specified in the Pricing Supplement together (if appropriate) with interest accrued to (but excluding) the date of redemption.

3. The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer, representing, in the case of each Note, a separate and independent obligation of the Issuer, and, upon the insolvency (*concurso de acreedores*) of the Issuer, in accordance with and to the extent permitted by the Insolvency Law and other applicable laws relating to or affecting the enforcement of creditors' rights in the Kingdom of Spain (including, without limitation, Additional Provision 14.2 of Law 11/2015), the payment obligations of the Issuer under the Notes with respect to claims for principal (which claims will constitute ordinary claims) will rank:
- (a) junior to any (i) privileged claims (*créditos privilegiados*) (which shall include, among other claims, any claims in respect of deposits for the purposes of Additional Provision 14.1 of Law 11/2015) and (ii) claims against the insolvency estate (*créditos contra la masa*);
 - (b) *pari passu* without any preference or priority among themselves and with all other Senior Preferred Obligations; and
 - (c) senior to (i) any Senior Non-Preferred Obligations and (ii) all subordinated obligations of, or subordinated claims against, the Issuer (*créditos subordinados*), present and future,

such that any claim for principal in respect of the Notes will be satisfied, as appropriate, only to the extent that all claims ranking senior to it have first been satisfied in full and then pro rata with any claims ranking *pari passu* with it, in each case as provided above.

For the purposes of this paragraph:

Insolvency Law means Royal Legislative Decree 1/2020, of 5th May, approving the restated text of the insolvency law (*Real Decreto Legislativo 1/2020, de 5 de mayo, por el que se aprueba el texto refundido de la Ley Concursal*), as amended, replaced or supplemented from time to time;

Law 11/2015 means Law 11/2015 of 18th June on the recovery and resolution of credit institutions and investment firms (*Ley 11/2015, de 18 de junio, de recuperación y resolución de entidades de crédito y empresas de servicios de inversión*), as amended, replaced or supplemented from time to time;

ordinary claims means the class of claims with respect to unsecured, non-privileged and unsubordinated obligations (*créditos ordinarios*) of the Issuer which, upon the insolvency (*concurso de acreedores*) of the Issuer and pursuant to Articles 269.3, 433, 434 and 435 of the Insolvency Law and other applicable laws relating to or affecting the enforcement of creditors' rights in the Kingdom of Spain, rank (i) junior to privileged claims (*créditos privilegiados*) (which shall include, among other claims, any claims in respect of deposits for the purposes of Additional Provision 14.1 of Law 11/2015 and any secured claims), and claims against the insolvency estate (*créditos contra la masa*) and (ii) senior to subordinated claims (*créditos subordinados*);

Senior Non-Preferred Obligations means the obligations of the Issuer with respect to all ordinary claims, present and future, which, upon the insolvency (*concurso de acreedores*) of the Issuer are expressed to rank within the ordinary claims but junior to Senior Preferred Obligations; and

Senior Preferred Obligations means the obligations of the Issuer with respect to (a) the payment of principal under the Notes and (b) all other ordinary claims, present and future, other than Senior Non-Preferred Obligations.

Pursuant to article 152 of the Insolvency Law, the further accrual of interest shall be suspended from the date of declaration of the insolvency of the Issuer. Claims in respect of interest on the Notes expressly or implicitly accrued but unpaid as of the commencement of any insolvency procedure in respect of the Issuer shall constitute subordinated claims against the Issuer ranking in accordance with the provisions of article 281 of the Insolvency Law (including, without limitation, junior to claims on account of principal in respect of contractually subordinated obligations of the Issuer, unless otherwise provided by the Insolvency Law and other applicable laws relating to or affecting the enforcement of creditors' rights in the Kingdom of Spain).

4. If the Maturity Date (or, as the case may be, the Relevant Date) or, if applicable, any relevant Interest Payment Date is not a Payment Business Day (as defined below), payment in respect hereof will not be made and credit or transfer instructions shall not be given until the next following Payment Business Day (unless that date falls more than 364 days after the Issue Date, in which case payment shall be made on the immediately preceding Payment Business Day) and the bearer of this Note shall not be entitled to any interest or other sums in respect of such postponed payment.

As used in this Note:

Payment Business Day means any day other than a Saturday or Sunday which is both (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the relevant place of presentation, and (B) either (i) if the Specified Currency is any currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars, shall be Sydney) or (ii) if the Specified Currency is euro, a day which is a TARGET2 Business Day; and

TARGET2 Business Day means a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (known as TARGET2) System, or any successor thereto, is operating credit or transfer instructions in respect of payments in euro.

5. This Note is negotiable and, accordingly, title hereto shall pass by delivery and the bearer shall be treated as being absolutely entitled to receive payment upon due presentation hereof (notwithstanding any notation of ownership or other writing thereon or notice of any previous loss or theft thereof).
6. [If this is an interest bearing Note, then:
 - (a) notwithstanding the provisions of paragraph 1 above, if any payment of interest in respect of this Note falling due for payment prior to the Maturity Date (or, as the case may be, the Relevant Date) remains unpaid on the fifteenth day after falling so due, the amount referred to in paragraph 1 shall be payable on such fifteenth day;
 - (b) upon each payment of interest (if any) prior to the Maturity Date (or, as the case may be, the Relevant Date) in respect of this Note, the Schedule hereto shall be duly completed by the Issuing and Paying Agent to reflect such payment; and
 - (c) unless otherwise specified in the applicable Pricing Supplement, the final Interest Payment Date shall be the Maturity Date (or, as the case may be, the Relevant Date).
7. If this is a fixed rate interest bearing Note, interest shall be calculated on the Nominal Amount as follows:

- (a) interest shall be payable on the Nominal Amount in respect of each successive Interest Period (as defined below) from (and including) the Issue Date to (but excluding) the Maturity Date (or, as the case may be, the Relevant Date) only, in arrear on the relevant Interest Payment Date, on the basis of the Day Count Convention or, if none is specified in the applicable Pricing Supplement, on the basis of the actual number of days in such Interest Period and a year of 360 days at the Fixed Interest Rate with the resulting figure being rounded to the nearest amount of the Specified Currency which is available as legal tender in the country or countries (in the case of the euro) of the Specified Currency (with halves being rounded upwards); and
- (b) the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is an **Interest Period** for the purposes of this paragraph.

As used in this Note, any **Day Count Convention** shall have the meaning given to it in the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., as amended, updated or replaced as at the date of this Note.

8. If this is a floating rate interest bearing Note,

- (a) interest shall be calculated on the Nominal Amount as follows:
 - (i) in the case of a Note which specifies LIBOR as the Reference Rate in the applicable Pricing Supplement, interest shall be payable on the Nominal Amount in respect of each successive Interest Period (as defined below) from (and including) the Issue Date to (but excluding) the Maturity Date (or, as the case may be, the Relevant Date) only, in arrear on the relevant Interest Payment Date, on the basis of the Day Count Convention or, if none is specified in the applicable Pricing Supplement, on the basis of the actual number of days in such Interest Period, and a year of 360 days at a rate (the **Rate of Interest**) determined on the following basis:
 - (A) on the second business day (which shall be a day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London) before each Interest Period or, if this Note is denominated in euro, on the second TARGET2 Business Day before the beginning of each Interest Period (each the **LIBOR Interest Determination Date**) the Calculation Agent will determine the offered rate for deposits in the Specified Currency in the London interbank market for the Interest Period concerned as at 11.00 a.m. (London time) on the LIBOR Interest Determination Date in question. Such offered rate will be that which appears on the display designated as Reuters page LIBOR01 or Reuters page LIBOR02 (or such other page or service as may replace it for the purpose of displaying London interbank offered rates of major banks for deposits in the Specified Currency for a duration equal to the Interest Period (or approximately equal, where no rate matches the Interest Period)). The Rate of Interest for such Interest Period shall be the Margin (expressed as a percentage rate per annum) above (if a positive number) or below (if a negative number) the rate which so appears, as determined by the Calculation Agent;
 - (B) if on any LIBOR Interest Determination Date for any reason such offered rate is unavailable the Calculation Agent will request each of the Reference Banks to provide its offered quotation to leading banks in the London interbank market for deposits in the relevant currency for a duration equal to

the Interest Period concerned as at 11.00 a.m. (London time) on the LIBOR Interest Determination Date in question. The Rate of Interest for such Interest Period shall be the Margin (expressed as a percentage rate per annum) above (if a positive number) or below (if a negative number) such quotation (if only one is provided) or the arithmetic mean (rounded, if necessary, up to the nearest four decimal places) of such quotations (if two are so provided), as determined by the Calculation Agent; and

- (C) if the Calculation Agent is unable to determine the Rate of Interest for an Interest Period in accordance with (A) or (B) above, the Rate of Interest for such Interest Period shall be the Rate of Interest in effect for the last preceding Interest Period to which (A) or (B) above shall have applied; and
- (ii) in the case of a Note which specifies EURIBOR as the Reference Rate in the applicable Pricing Supplement, interest shall be payable on the Nominal Amount in respect of each successive Interest Period from (and including) the Issue Date to (but excluding) the Maturity Date (or, as the case may be, the Relevant Date) only, in arrear on the relevant Interest Payment Date, on the basis of the Day Count Convention or, if none is specified in the applicable Pricing Supplement, on the basis of the actual number of days in such Interest Period and a year of 360 days at a rate (the **Rate of Interest**) determined on the following basis:
- (A) on the second TARGET2 Business Day before the beginning of each Interest Period (each the **EURIBOR Interest Determination Date**) the Calculation Agent will determine the European Interbank Offered Rate for deposits in euro for the Interest Period concerned as at 11.00 a.m. (Brussels time) on the EURIBOR Interest Determination Date in question. Such offered rate will be that which appears on the display designated as Reuters page EURIBOR01 (or such other page or service as may replace it for the purpose of displaying Eurozone Interbank Offered Rates of prime banks in the Eurozone (as defined below) for deposits in euro for a duration equal to the Interest Period (or approximately equal, where no rate matches the Interest Period)). The Rate of Interest for such Interest Period shall be the Margin (expressed as a percentage rate per annum) above (if a positive number) or below (if a negative number) the rate which so appears, as determined by the Calculation Agent;
 - (B) if on any EURIBOR Interest Determination Date for any reason such offered rate is unavailable the Calculation Agent will request the principal Eurozone office of each of the Reference Banks to provide its offered quotation to prime banks in the Eurozone interbank market for deposits in euro for a duration equal to the Interest Period (or approximately equal, where no rate matches the Interest Period) concerned as at 11.00 a.m. (Brussels time) on the EURIBOR Interest Determination Date in question. The Rate of Interest for such Interest Period shall be the Margin (expressed as a percentage rate per annum) above (if a positive number) or below (if a negative number) such quotation (if only one is provided) or the arithmetic mean (rounded, if necessary, up to the nearest four decimal places) of such quotations (if two or more are so provided), as determined by the Calculation Agent; and
 - (C) if the Calculation Agent is unable to determine the Rate of Interest for an Interest Period in accordance with (A) or (B) above, the Rate of Interest for such Interest Period shall be the Rate of Interest in effect for the last preceding Interest Period to which (A) or (B) above shall have applied;

for the purposes of this Note, **Eurozone** means the region comprised of the countries whose lawful currency is the euro;

- (b) the Calculation Agent will, as soon as practicable after 11.00 a.m. (London time) on each LIBOR Interest Determination Date or 11.00 a.m. (Brussels time) on each EURIBOR Interest Determination Date (as the case may be), determine the Rate of Interest and calculate the amount of interest payable (the **Amount of Interest**) for the relevant Interest Period. The Amount of Interest shall be calculated by applying the Rate of Interest to the Denomination, multiplying such product by the Day Count Convention or, if none is specified in the applicable Pricing Supplement, by the actual number of days in the Interest Period concerned divided by 360 and rounding the resulting figure to the nearest amount of the Specified Currency which is available as legal tender in the country or countries (in the case of the euro) of the Specified Currency (with halves being rounded upwards). The determination of the Rate of Interest and the Amount of Interest by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties;
- (c) a certificate of the Calculation Agent as to the Rate of Interest payable hereon for any Interest Period shall be conclusive and binding as between the Issuer and the bearer hereof;
- (d) the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is called an **Interest Period** for the purposes of this paragraph; and
- (e) the Issuer will procure that a notice specifying the Rate of Interest payable in respect of each Interest Period be published as soon as practicable after the determination of the Rate of Interest. Such notice will be delivered to the bearer of this Note or, if that is not practicable, will be published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*). In addition, for so long as the Notes are listed on the Irish Stock Exchange plc, trading as Euronext Dublin (**Euronext Dublin**), all notices required to be published concerning the Notes shall be published on the website of Euronext Dublin or, in lieu of such publication, the Issuer may publish the notice by any other means acceptable to Euronext Dublin.]*

9. Instructions for payment of any amounts payable pursuant to paragraph 1 must be received at the offices of the Issuing and Paying Agent together with this Note as follows:

- (a) if this Note is denominated in Australian dollars, New Zealand dollars, Hong Kong dollars or Japanese Yen, at least two Business Days prior to the relevant payment date;
- (b) if this Note is denominated in United States dollars, Canadian dollars or Sterling, on or prior to the relevant payment date; and
- (c) in all other cases, at least one Business Day prior to the relevant payment date.

As used in this paragraph, **Business Day** means:

- (i) in the case of payments in any currency other than euro, a day other than a Saturday or Sunday on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London; and

* If this Note is denominated in Sterling, delete paragraphs 6 through 8 inclusive and replace with interest provisions to be included on the reverse of the Note as indicated below.

- (ii) in the case of payments in euro, a TARGET2 Business Day and, in all other cases, a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre in the country of the Specified Currency.
10. This Note shall not be validly issued unless manually authenticated by The Bank of New York Mellon, London Branch as Issuing and Paying Agent.
11. This Note (other than paragraphs 3 and 16) and any non-contractual obligations arising out of or in connection with this Note are governed by, and shall be construed in accordance with, English law. Paragraphs 3 and 16 (and any non-contractual obligations arising out of or in connection with them) are governed by, and shall be construed in accordance with, Spanish law. The Notes are issued in accordance with the formalities prescribed by Spanish law.
12. (a) *Jurisdiction*: the Issuer agrees for the benefit of the bearer that the courts of England shall have exclusive jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with this Note (respectively, **Proceedings** and **Disputes**) and, for such purposes, irrevocably submits to the jurisdiction of such courts.
- (b) *Appropriate forum*: The Issuer irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes, and agrees not to claim that any such court is not a convenient or appropriate forum.
- (c) *Non-exclusivity*: The submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of the bearer to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.
- (d) *Service of process*: The Issuer agrees that process may be served on it in England at its London branch being its registered office for the time being in England, and agrees that, in the event of its London branch ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.
13. Claims for payment of principal and interest (if applicable) in respect of this Note shall become void unless made, in the case of principal, within ten years after the Maturity Date (or, as the case may be, the Relevant Date) or, in the case of interest, within five years after the relevant Interest Payment Date.
14. No person shall have any right to enforce any provision of this Note under the Contracts (Rights of Third Parties) Act 1999 but this does not affect any right or remedy of any person which exists or is available apart from that Act.
15. If any provision in or obligation under this Note is or becomes invalid, illegal or unenforceable in any respect under the law of any jurisdiction, that will not affect or impair (i) the validity, legality or enforceability under the law of that jurisdiction of any other provision in or obligation under this Note, and (ii) the validity, legality or enforceability under the law of any other jurisdiction of that or any other provision in or obligation under this Note.

16. Notwithstanding any other term of this Note or any other agreements, arrangements, or understandings between the Issuer and the bearer, by its acquisition of this Note, the bearer acknowledges, accepts, consents to and agrees to be bound by:
- (a) the exercise and effect of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority, which may be imposed with or without any prior notice with respect to this Note, and which may include and result in any of the following, or some combination thereof:
 - (i) the reduction or cancellation of all, or a portion, of the Amounts Due;
 - (ii) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer, the Issuer and its consolidated subsidiaries, or another person (and the issue to or conferral on the bearer of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of this Note;
 - (iii) the cancellation of this Note; and
 - (iv) the amendment or alteration of the maturity of this Note or amendment of the amount of interest payable on this Note, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and
 - (b) the variation of the terms of this Note, as deemed necessary by the Relevant Spanish Resolution Authority, to give effect to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority.

The exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority pursuant to any relevant laws, regulations, rules or requirements in effect in the Kingdom of Spain is not dependent on the application of this paragraph 16.

In this Note:

Amounts Due means the nominal amount of or outstanding amount, together with any accrued but unpaid interest, due on this Note. References to such amount will include amounts that have become due and payable, but which have not been paid, prior to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority;

BRRD means Directive 2014/59/EU of 15th May establishing the framework for the recovery and resolution of credit institutions and investment firms or such other directive as may come into effect in place thereof, as implemented into Spanish law by Law 11/2015 and RD 1012/2015, as amended or replaced from time to time and including any other relevant implementing regulatory provisions;

regulated entity means any entity eligible for resolution under the laws of the Kingdom of Spain;

Relevant Spanish Resolution Authority means the Fund for Orderly Bank Restructuring (*Fondo de Reestructuración Ordenada Bancaria*), the Single Resolution Board, the Bank of Spain, the Spanish Securities Market Commission or any other entity with the authority to exercise any the resolution tools and powers contained in Law 11/2015 from time to time; and

Spanish Bail-in Power means any write-down, conversion, transfer, modification, or suspension power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the Kingdom of Spain, relating to the resolution of credit entities and/or transposition of the BRRD, including, but not limited to (i) Law 11/2015 (ii) RD 1012/2015, as amended from time to time, (iii) Regulation (EU) No. 806/2014 of the European Parliament and the Council of 15th July, 2014 establishing uniform rules and a uniform procedure for the resolution

of credit institutions and certain investment firms in the framework of the Single Resolution Mechanism and the Single Resolution Fund and amending Regulation (EU) No. 1093/2010, as amended or replaced from time to time, and (iv) any other instruments, rules or standards made or implemented in connection with either (i), (ii) or (iii), pursuant to which any obligation of a regulated entity (or other affiliate of such regulated entity) can be reduced, cancelled, modified, transferred or converted into shares, other securities, or other obligations of such regulated entity or any other person (or suspended for a temporary period).

AUTHENTICATED by
**THE BANK OF NEW YORK MELLON,
LONDON BRANCH**
without recourse, warranty or liability and for
authentication purposes only

By:
(*Authorised Signatory*)

[By:
(*Authorised Signatory*)][†]

Signed on behalf of:
**BANCO BILBAO VIZCAYA ARGENTARIA,
S.A.**

By:
(*Authorised Signatory*)

[†] Include second authentication block if the currency of this Note is Sterling.

[On the Reverse]

[(A) If this is an interest bearing Note, then:

- (a) notwithstanding the provisions of paragraph 1 above, if any payment of interest in respect of this Note falling due for payment prior to the Maturity Date (or, as the case may be, the Relevant Date) remains unpaid on the fifteenth day after falling so due, the amount referred to in paragraph 1 shall be payable on such fifteenth day;
- (b) upon each payment of interest (if any) prior to the Maturity Date (or, as the case may be, the Relevant Date) in respect of this Note, the Schedule hereto shall be duly completed by the Issuing and Paying Agent to reflect such payment; and
- (c) unless otherwise specified in the Pricing Supplement, the final Interest Payment Date shall be the Maturity Date (or, as the case may be, the Relevant Date).

(B) If this is a fixed rate interest bearing Note, interest shall be calculated on the Nominal Amount specified in the Pricing Supplement as follows:

- (a) interest shall be payable on the Nominal Amount in respect of each successive Interest Period (as defined below) from (and including) the Issue Date to (but excluding) the Maturity Date (or, as the case may be, the Relevant Date) only, in arrear on the relevant Interest Payment Date, on the basis of the actual number of days in such Interest Period and a year of 365 days at the Interest Rate with the resulting figure being rounded to the nearest penny (with halves being rounded upwards); and
- (b) the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is an **Interest Period** for the purposes of this paragraph (B).

(C) If this is a floating rate interest bearing Note, interest shall be calculated on the Nominal Amount as follows:

- (i) interest shall be payable on the Nominal Amount in respect of each successive Interest Period (as defined below) from (and including) the Issue Date to (but excluding) the Maturity Date (or, as the case may be, the Relevant Date) only, in arrear on the relevant Interest Payment Date, on the basis of the Day Count Convention or, if none is specified in the applicable Pricing Supplement, on the basis of the actual number of days in such Interest Period and a year of 365 days at a rate (the **Rate of Interest**) determined on the following basis:

- (A) on the second business day (which shall be a day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London) before each Interest Period (the **LIBOR Interest Determination Date**) the Calculation Agent will determine the offered rate for deposits in the Specified Currency in the London interbank market for the Interest Period concerned as at 11.00 a.m. (London time) on the LIBOR Interest Determination Date in question. Such offered rate will be that which appears on the display designated as Reuters page LIBOR01 or Reuters page LIBOR02 (or such other page or service as may replace it for the purpose of displaying London interbank offered rates of major banks for deposits in the Specified Currency for a duration equal to the Interest Period (or approximately equal, where no rate matches the Interest Period)). The Rate of Interest for such Interest Period shall

be the Margin (expressed as a percentage rate per annum) above (if a positive number) or below (if a negative number) the rate which so appears, as determined by the Calculation Agent;

- (B) if on any LIBOR Interest Determination Date for any reason such offered rate is unavailable the Calculation Agent will request each of the Reference Banks to provide its offered quotation to leading banks in the London interbank market for deposits in the relevant currency for a duration equal to the Interest Period concerned as at 11.00 a.m. (London time) on the LIBOR Interest Determination Date in question. The Rate of Interest for such Interest Period shall be the Margin (expressed as a percentage rate per annum) above (if a positive number) or below (if a negative number) such quotation (if only one is provided) or the arithmetic mean (rounded, if necessary, up to the nearest four decimal places) of such quotations (if two are so provided), as determined by the Calculation Agent; and
 - (C) if the Calculation Agent is unable to determine the Rate of Interest for an Interest Period in accordance with (A) or (B) above, the Rate of Interest for such Interest Period shall be the Rate of Interest in effect for the last preceding Interest Period to which (A) or (B) above shall have applied;
- (ii) the Calculation Agent will, as soon as practicable after 11.00 a.m. (London time) on the LIBOR Interest Determination Date, determine the Rate of Interest and calculate the amount of interest payable (the **Amount of Interest**) for the relevant Interest Period. The Amount of Interest shall be calculated by applying the Rate of Interest to the Nominal Amount of one Note of each denomination, multiplying such product by the actual number of days in the Interest Period concerned divided by 365 and rounding the resulting figure to the nearest penny. The determination of the Rate of Interest and the Amount of Interest by the Calculation Agent named above shall (in the absence of manifest error) be final and binding upon all parties;
- (iii) a certificate of the Calculation Agent as to the Rate of Interest payable hereon for any Interest Period shall be conclusive and binding as between the Issuer and the bearer hereof;
- (iv) the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is called an **Interest Period** for the purposes of this paragraph (C); and
- (v) the Issuer will procure that a notice specifying the Rate of Interest payable in respect of each Interest Period be published as soon as practicable after the determination of the Rate of Interest. Such notice will be delivered to the bearer of this Note or, if that is not practicable, will be published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*). In addition, for so long as the Notes are listed on the Irish Stock Exchange plc, trading as Euronext Dublin (**Euronext Dublin**), all notices required to be published concerning the Notes shall be published on the website of Euronext Dublin or, in lieu of such publication, the Issuer may publish the notice by any other means acceptable to Euronext Dublin.]

SCHEDULE

PAYMENTS OF INTEREST

The following payments of interest in respect of this Note have been made:

Date Made	Payment From	Payment To	Amount Paid	Notation on behalf of Issuing and Paying Agent
.....
.....
.....
.....
.....

TAXATION

SPANISH TAXATION

The following summary refers solely to certain Spanish tax consequences of the acquisition, ownership and disposition of the Notes. It does not purport to be a complete analysis of all tax consequences relating to the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which might be subject to special rules. Prospective investors should consult their own tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of Spain of acquiring, holding and disposing of Notes and receiving any payments under the Notes. This summary is based upon the law as in effect on the date of this Information Memorandum and is subject to any change in law that may take effect after such date. References in this section to Noteholders include the beneficial owners of the Notes.

Acquisition of the Notes

The issue of, subscription for, transfer and acquisition of the Notes is exempt from Transfer and Stamp Tax (*Impuesto sobre Transmisiones Patrimoniales y Actos Jurídicos Documentados*) and Value Added Tax (*Impuesto sobre el Valor Añadido*).

Taxation on the income and transfer of the Notes

The tax treatment of the acquisition, holding and subsequent transfer of the Notes is summarised below and is based on the tax regime applicable to the Notes pursuant to Royal Legislative Decree 5/2004 of 5th March approving the consolidated text of the Non-Resident Income Tax Law (*Impuesto sobre la Renta de los no Residentes*), as amended (the **Non-Resident Income Tax Law**), Law 27/2014 of 27th November on Corporate Income Tax (*Impuesto sobre Sociedades*) (the **Corporate Income Tax Law**), Law 35/2006 of 28th November on Personal Income Tax (*Impuesto sobre la Renta de las Personas Físicas*), as amended, Law 19/1991 of 6th June approving the Wealth Tax Law (*Impuesto sobre el Patrimonio*) and Law 29/1987 of 18th December approving the Inheritance and Gift Tax Law (*Impuesto sobre Sucesiones y Donaciones*). The summary below also considers the rules for the implementation of such regulations (Royal Decree 1776/2004 of 30th July approving the Non-Resident Income Tax Regulations as amended, Royal Decree 439/2007 of 30th March, approving the Personal Income Tax Regulations as amended and Royal Decree 634/2015 of 10th July approving the Corporate Income Tax Regulations).

Consideration has also been given to Spanish legislation on the issuance of preferred securities and debt securities issued by Spanish financial and non-financial listed entities, either directly or through a subsidiary, Law 10/2014 and RD 1065/2007 approving the General Regulations relating to tax inspection and management procedures and developing the common rules of the procedures to apply taxes.

Income not obtained through a permanent establishment in Spain in respect of the Notes

Income obtained by Noteholders who are not tax resident in Spain acting for these purposes without a permanent establishment within Spain is exempt from Non-Resident Income Tax subject to the reporting obligations as set out in RD 1065/2007 (see “Taxation – Tax Reporting Obligations of the Issuer”).

Income obtained through a permanent establishment in Spain in respect of the Notes/Corporate Income Tax taxpayers.

The holding of Notes by investors who are not resident for tax purposes in Spain will not in itself create the existence of a permanent establishment in Spain.

Income obtained by non-Spanish resident holders acting through a permanent establishment in Spain in respect of the Notes will be taxed under the rules provided by Chapter III of the Non-Resident Income Tax

Law. These Noteholders will be subject to taxation substantially in the same manner as Spanish Corporate Income Tax taxpayers and, therefore, it shall be computed as taxable income in accordance with the general rules set out in the Corporate Income Tax Law and will therefore be taxed generally at the current rate of 25 per cent.

According to section 44 of RD 1065/2007, the Issuer is not obliged to withhold any tax amount on income derived from payment of interest, redemption or repayment of the Notes obtained by a permanent establishment in Spain in respect of the Notes or Corporate Income Tax payers provided that the information procedures are complied with as it is described in section “*Taxation – Tax Reporting Obligations of the Issuer*”.

Income derived from the transfer of the Notes shall not be subject to withholding tax as provided by Section 61(s) of the Corporate Income Tax Regulations, to the extent that the Notes satisfy the requirements laid down by the reply to the Directorate General for Taxation's (*Dirección General de Tributos*) consultation, on 27th July, 2004, indicating that in the case of issuances made by entities with tax residency in Spain (as in the case of the Issuer), application of the exemption requires that the Notes be placed outside Spain in another OECD country and traded on organised markets in OECD countries. Notes traded outside Spain and issued under the Programme are expected to satisfy these requirements.

Individuals with tax residency in Spain

Income obtained by Noteholders who are Personal Income Tax payers, both as interest and in connection with the transfer, redemption or repayment of the Notes, shall be considered income on investments obtained from the assignment of an individual's capital to third parties, as defined in Section 25.2 of Personal Income Tax Law, and therefore will be taxed as savings income at the applicable rate (currently varying from 19 per cent. to 23 per cent.).

The above mentioned income will be subject to the corresponding personal income tax withholding at the applicable tax rate of 19 per cent. Article 44 of the RD 1065/2007 establishes information procedures for debt instruments issued under the Law 10/2014 and has provided that the interest will be paid by the Issuer to the Issuing and Paying Agent for the whole amount, provided that such information procedures are complied with.

Nevertheless, withholding tax at the applicable rate of 19 per cent. may have to be deducted by other entities (such as depositaries or financial entities), provided that such entities are resident for tax purposes in Spain or have a permanent establishment in Spanish territory.

According to RD 1065/2007, the Issuer is not obliged to withhold any tax amount provided that the information procedures (which do not require identification of the Noteholders) are complied with by the Issuing and Paying Agent as it is described in section “*Taxation – Tax Reporting Obligations of the Issuer*”.

However, regarding the interpretation of the “*Taxation – Tax Reporting Obligations of the Issuer*” please refer to “*Risk Factors – Spanish Tax Rules*”.

Wealth Tax

Individuals with tax residency in Spain are subject to Wealth Tax to the extent that their net worth exceeds €700,000. Therefore, they should take into account the value of the Notes which they hold as at 31st December, each year.

Individuals resident in a country with which Spain has entered into a double tax treaty in relation to Wealth Tax would generally not be subject to such tax. Otherwise, non-Spanish resident individuals whose properties and rights are located in Spain, or that can be exercised within the Spanish territory, exceed €700,000 would be subject to Wealth Tax at the applicable rates, ranging between 0.2 per cent. and 2.5 per cent., without prejudice to any exemption which may apply.

As a consequence of the European Court of Justice judgment (Case C-127/12), the Net Wealth Tax Law has been amended by Law 26/2014, of 27th November. As a result, Non-Spanish tax resident individuals who are residents in the EU or in the European Economic Area (the **EEA**) can apply the legislation of the region in which the highest value of the assets and rights of the individuals (i) are located; (ii) can be exercised; or (iii) must be fulfilled.

In accordance with article 3 of the Royal Decree-law 18/2019, a full exemption (*bonificación del 100 %*) on Net Wealth Tax will apply in 2021 unless such exemption is revoked. Legal entities are not subject to Wealth Tax.

Inheritance and Gift Tax

The transfer of the Notes to individuals by inheritance, legacy or donation shall be subject to the general rules of Inheritance and Gift Tax (*Impuesto sobre Sucesiones y Donaciones*) in accordance with the applicable Spanish and State rules even if title passes outside Spain and neither the heir nor the beneficiary, as the case may be, is resident in Spain for tax purposes, without prejudice to the provisions of any DTT signed by Spain.

The effective tax rate, after applying all relevant factors, ranges between 0 per cent. and 81.6 per cent.

According to the Second Additional Provision of Law 29/1987 of 18th December approving the Inheritance and Gift Tax law, it will be possible to apply tax benefits approved in some Spanish regions to residents either in the EU or in the EEA by following certain specific rules.

In addition, as a consequence of the judgments of the Spanish Supreme Court dated 19th February, 2018, 21st March, 2018 and 22nd March, 2018, the application of state regulations when the deceased, heir or donee is resident outside of a member state of the EU or the EEA violates Community law relating to the free movement of capital, such that even in such cases it would be appropriate to defend the application of regional regulations in the same way as if the deceased, heir or donee was resident in a member state of the EU. The General Directorate for Taxation has ruled in accordance with those judgements (V3151-18 and V3193-18).

In the event that the beneficiary is an entity other than a natural person, the income obtained shall be subject to Corporate Income Tax or Non-Resident Income Tax, as the case may be, and without prejudice, in the latter event, to the provisions of any DTT that may apply.

Tax Reporting Obligations of the Issuer

Article 44 of RD 1065/2007 sets out the reporting obligations applicable to preference shares and debt instruments issued under Law 10/2014. The procedures apply to interest deriving from preference shares and debt instruments to which Law 10/2014 refers, including debt instruments issued at a discount for a period equal to or less than twelve months.

According to the literal wording of Article 44.5 of RD 1065/2007 income derived from securities originally registered with the entities that manage clearing systems located outside Spain, that are recognised by Spanish law or by the law of another OECD country (such as Euroclear or Clearstream, Luxembourg), will be paid free of Spanish withholding tax provided that the Issuing and Paying Agent appointed by the Issuer submits a statement to the Issuer, the form of which is included in the Issue and Paying Agency Agreement, with the following information:

- (i) identification of the securities;
- (ii) payment date;
- (iii) total amount of income paid on the relevant date; and

- (iv) total amount of the income corresponding to each clearing house located outside Spain.

In accordance with paragraphs 5 and 6 of Article 44 of RD 1065/2007, the Issuing and Paying Agent should provide the Issuer with the statement on the business day immediately prior to each interest payment date. The statement must reflect the situation at the close of business of that same day. In the event that on the date, the entity obliged to provide the statement fail to do so, the Issuer or the Issuing and Paying Agent on its behalf will make a withholding at the general rate of 19 per cent. on the total amount of the return on the relevant Notes.

If, before the tenth day of the month following the month in which interest is paid, the obliged entity provides the statement, the Issuer will reimburse the amounts withheld.

Prospective investors should note that the Issuer does not accept any responsibility in relation to any failure in the delivery of the relevant statement by the Issuing and Paying Agent in connection with each payment of interest under the Notes. Accordingly, the Issuer will not be liable for any damage or loss suffered by any beneficial owner who would otherwise be entitled to an exemption from Spanish withholding tax but whose payments are nonetheless paid net of Spanish withholding tax because the relevant statement was not duly delivered to the Issuer. Moreover, the Issuer will not pay any additional amounts with respect to any such withholding tax.

In the event that the currently applicable procedures are modified, amended or supplemented by, among other things, any Spanish law, regulation, interpretation or ruling of the Spanish tax authorities, the Issuer will notify the Noteholders of such information procedures and their implications, as the Issuer may be required to apply withholding tax on interest payments in respect of the Notes if the Noteholders do not comply with such information procedures.

Regarding the interpretation of Article 44 RD 1065/2007 and the simplified information procedures please refer to "*Risk Factors – Spanish Tax Rules*".

THE PROPOSED FINANCIAL TRANSACTIONS TAX (FTT)

On 14th February, 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and participating Member States may decide not to participate.

The Spanish FTT Law was published on the Spanish Official State Gazette on 16th October, 2020. The Spanish FTT will come into effect three months later after the publication of the law (i.e. 16th January, 2020). The Spanish FTT Law establishes an indirect tax amounting to 0.2 per cent. to be charged on

transactions for purchasing shares in Spanish companies for valuable consideration, regardless of the residence of the participants in the transactions, provided they are listed companies and the company's market capitalization is above €1,000 million. According to the terms of the Spanish FTT Law, this indirect tax will not apply to the issuance of the Notes. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The arrangements by which the Dealers or any of them may from time to time agree with the Issuer to purchase or to procure subscribers for Notes issued by the Issuer are set out in an amended and restated dealer agreement dated 13th December, 2019 as supplemented by a supplemental dealer agreement dated 11th December, 2020 (as further amended, supplemented or restated from time to time, the **Dealer Agreement**) and made between, *inter alios*, the Issuer and the Dealers.

1. GENERAL

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will observe all applicable laws and regulations in any jurisdiction in which it may offer, sell, or deliver Notes and it will not directly or indirectly offer, sell, resell, re-offer or deliver Notes or distribute the Information Memorandum or any Pricing Supplement, circular, advertisement or other offering material in any country or jurisdiction except under circumstances that will result, to the best of its knowledge and belief, in compliance with all applicable laws and regulations.

2. UNITED STATES OF AMERICA

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, US persons. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has offered and sold, and will offer and sell, Notes only outside the United States to non-US persons in accordance with Rule 903 of Regulation S. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that neither it, its affiliates nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts with respect to the Notes, and that it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Dealer has also agreed, and each further Dealer appointed under the Programme will be required to agree, that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling commission, fee or other remuneration that purchases Notes from it a confirmation or notice to substantially the following effect:

“The securities covered hereby have not been registered under the United States Securities Act of 1933, as amended (the **Securities Act**) and may not be offered or sold within the United States or to, or for the account or benefit of, US persons. Terms used above have the meanings given to them by Regulation S under the Securities Act.”

Terms used in this paragraph have the meanings given to them by Regulation S.

3. THE UNITED KINGDOM

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and

- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

4. JAPAN

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the **FIEA**). Accordingly, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not, directly or indirectly, offered or sold and will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

5. SPAIN

Each Dealer has acknowledged and each other Dealer appointed under the Programme will be required to acknowledge that the Notes must not be offered, distributed or sold in Spain in the primary market. However, the Notes may be sold to Spanish resident investors in circumstances that satisfy the requirements set forth in the ruling of the Directorate General for Taxation (*Dirección General de Tributos*) of 27th July, 2004.

No publicity of any kind shall be made in Spain.

GENERAL INFORMATION

Authorisation

The update of the Programme and the issue of Notes have been duly authorised by a resolution of the Board of Directors of the Issuer dated 31st January, 2018.

Listing of Notes on Euronext Dublin

Applications may, in respect of particular tranches or series of Notes, be made to Euronext Dublin for such Notes to be admitted to the Official List and to trading on the Regulated Market. Euronext Dublin's regulated market is a regulated market for the purposes of MiFID II. No Notes may be issued pursuant to the Programme on an unlisted basis.

Use of Proceeds

The net proceeds from each issue of Notes will be used for the Group's general corporate purposes.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN and, if available, the FISN and/or CFI for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Pricing Supplement.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42, Avenue J.F. Kennedy, L-1855, Luxembourg.

Significant Change

Save as disclosed in “*Risk Factors - The coronavirus (COVID-19) pandemic is adversely affecting the Group*”, there has been no significant change in the financial or trading position of the Group since 30th September, 2020.

Litigation

Except as disclosed in the section entitled “*Description of Banco Bilbao Vizcaya Argentaria, S.A. – Legal Proceedings*” on pages 60 to 61 (inclusive), there are no, and have not been, any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the business, financial position or results of operations of the Issuer or the Group.

Independent Auditors

The current auditors of the Issuer, KPMG Auditores, S.L. (registered as auditors on the *Registro Oficial de Auditores de Cuentas*), audited the Issuer's Consolidated Financial Statements for the financial years ended 31st December, 2019, 2018 and 2017 which have been prepared in accordance with IFRS-IASB.

DETAILS OF PROGRAMME PARTICIPANTS

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