

## SUPPLEMENT DATED 6TH MAY, 2020 TO THE OFFERING CIRCULAR DATED 2ND JULY, 2019

### **Banco Bilbao Vizcaya Argentaria, S.A.**

*(Incorporated in Spain with limited liability)*

### **€40,000,000,000 Global Medium Term Note Programme**

This Supplement (the **Supplement**) to the Offering Circular dated 2nd July, 2019, as supplemented on 7th August, 2019, 13th September, 2019, 1st November, 2019, 23rd December, 2019 and 13rd February 2020 (as so supplemented, the **Offering Circular**), which comprises a base prospectus, constitutes a supplementary prospectus for the purposes of Directive 2003/71/EC (as amended) (the **Prospectus Directive**) and is prepared in connection with the Global Medium Term Note Programme (the **Programme**) of Banco Bilbao Vizcaya Argentaria, S.A. (the **Issuer**).

Terms defined in the Offering Circular have the same meaning when used in this Supplement. This Supplement is supplemental to, and should be read in conjunction with, the Offering Circular and any other supplements to the Offering Circular issued by the Issuer.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Supplement has been approved by the Central Bank of Ireland as competent authority under the Prospectus Directive. The Central Bank of Ireland only approves this Supplement as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive.

The purpose of this Supplement is to (i) incorporate by reference the Issuer's 2019 Form 20-F (as defined below); (ii) incorporate by reference certain sections of the 1Q Quarterly Report (as defined below); (iii) update the risk factor headed "*Increasingly onerous capital requirements may have a material adverse effect on the Issuer's business, financial condition and results of operations*"; (iv) update the risk factor headed "*The Group is party to a number of legal and regulatory actions and proceedings*"; (v) update the risk factor headed "*Spanish judicial authorities are conducting a criminal investigation into whether the Issuer violated laws related to bribery, revelation of secrets and corruption*"; (vi) add a new risk factor headed "*The new coronavirus pandemic (COVID-19) is adversely affecting the Group*"; (vii) delete the existing risk factor headed "*Implementation of internationally accepted liquidity ratios might require changes in business practices that affect the profitability of the Issuer's business activities*" (viii) update the risk factor headed "*The Group depends in part upon dividends and other funds from subsidiaries*", and (ix) confirm that, save as disclosed in this Supplement, there has been no material adverse change in the prospects of the Issuer or the Issuer and its consolidated subsidiaries (the **Group**), nor any significant change in the financial position of the Issuer or the Group, in each case since 31st December, 2019.

#### **The 2019 Form 20-F**

The Form 20-F of the Issuer for the financial year ended 31st December, 2019 was filed with the U.S. Securities and Exchange Commission on 28th February, 2020 (the **2019 Form 20-F**).

A copy of the 2019 Form 20-F has been filed with the Central Bank of Ireland and, by virtue of this Supplement, the 2019 Form 20-F is incorporated by reference in, and forms part of, the Offering Circular.

#### **The Consolidated Interim Financial Statements**

On 30 April, 2020, the Group published its 1Q 2020 Quarterly Report corresponding to the three month period ended 31st March, 2020 (the **1Q Quarterly Report**). By virtue of this Supplement, the following

sections of the 1Q Quarterly Report are incorporated by reference in and form part of, the Offering Circular, (i) on page 10 thereof, the Group's unaudited consolidated income statement for the three month period ended 31st March, 2020, (ii) on page 14 thereof, the Group's unaudited consolidated balance sheet as at 31st March, 2020, (iii) on page 17 thereof, the Group's capital base as at 31st March, 2020, and (iv) on page 19 thereof, certain information regarding non-performing loans and provisions of the Group.

A copy of the 1Q Quarterly Report has been filed with the Central Bank of Ireland. The non-incorporated parts of the 1Q Quarterly Report are either not relevant for an investor or are covered elsewhere in the Offering Circular.

Copies of all documents incorporated by reference in the Offering Circular can be obtained from the Issuer and the Principal Paying Agent in London as described on page 59 of the Offering Circular. A copy of the 1Q Quarterly Report can be viewed on the website of the Issuer and is available at: [https://shareholdersandinvestors.bbva.com/wp-content/uploads/2020/04/30042020InformeResultados1Q20\\_Eng.pdf](https://shareholdersandinvestors.bbva.com/wp-content/uploads/2020/04/30042020InformeResultados1Q20_Eng.pdf). A copy of the 2019 Form 20-F is available at: <https://www.sec.gov/Archives/edgar/data/842180/000084218020000006/d20f2019.htm>.

## Updates to the Offering Circular

By virtue of this Supplement:

- (a) the existing risk factor headed "*Increasingly onerous capital requirements may have a material adverse effect on the Issuer's business, financial condition and results of operations*" starting on page 12 of the Offering Circular in the section entitled "*Risk Factors – Factors that may affect the Issuer's ability to fulfil its obligations in respect of Notes issued under the Programme – Legal, Regulatory and Compliance Risks*" shall be deleted and replaced with the following:

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

In its capacity as a Spanish credit institution, the Bank is subject to compliance with a "Pillar 1" solvency requirement, a "Pillar 2" solvency requirement and a "combined capital cushion requirement" at both the individual and consolidated level.

As a result of the latest Supervisory Review and Evaluation Process (**SREP**) carried out by the European Central Bank (**ECB**), and the measures adopted by the ECB on 12th March, 2020, allowing banks to partially use Additional Tier 1 and Tier 2 instruments to meet the Pillar 2 requirement, BBVA has to maintain, as of 31st March, 2020 at the consolidated level, a CET1 ratio of 8.59 per cent. and a total capital ratio of 12.75 per cent. This consolidated overall capital requirement includes: (i) the Pillar 1 requirement of 8 per cent., which must be composed of the Pillar 1 minimum Common Equity Tier 1 (**CET1**) capital requirement of 4.5 per cent.; (ii) the Pillar 2 requirement of 1.5 per cent., which must be composed of a minimum of CET1 of 0.84 per cent.; (iii) the capital conservation buffer, composed of CET1 of 2.5 per cent.; and (iv) the capital buffer for Other Systemically Important Institutions (**O-SIIs**), composed of CET1 of 0.75 per cent. Likewise, BBVA must maintain, at the individual level and as of 31st March, 2020, a CET1 capital ratio of 7.84 per cent. and a total capital ratio of 12.00 per cent.

As of 31st March, 2020, the Bank's phased-in total capital ratio was 15.39 per cent. on a consolidated basis and 20.27 per cent. on an individual basis and its CET1 phased-in capital ratio was 11.08 per cent. on a consolidated basis and 15.15 per cent. on an individual basis. As of 31st December, 2019, the Bank's phased-in total capital ratio was 15.92 per cent. on a consolidated basis and 20.81 per cent. on an individual basis (15.71 per cent. and 22.07 per cent., respectively, as of 31st December, 2018), and its CET1 phased-in capital ratio was 11.98 per cent. on a consolidated

basis and 16.42 per cent. on an individual basis (11.58 per cent. and 17.45 per cent., respectively, as of 31st December, 2018).

While such ratios exceed the applicable regulatory requirements described above, there can be no assurance that the total capital requirements imposed on the Bank 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 Bank and/or the Group. There can also be no assurance that the Bank and/or the Group can meet the requirements that may be applicable in the future even if they remain unchanged. There can further be no assurance that the Group can meet any capital ratio target already announced in the market at any given time, which could be negatively perceived by investors and/or supervisory authorities who could assume that the Bank does not have the capacity to generate capital or that there has been a deterioration in its capital structure; either of which could adversely affect the market price or value or trading behavior of any securities issued by the Bank (and, in particular, any of its capital instruments) and ultimately lead to the imposition of further recommendations or “Pillar 2” requirements.

If the Bank or the Group failed to comply with its “combined buffer requirement”, it would have to calculate its Maximum Distributable Amount (**MDA**) and, until such calculation is made and reported to the Bank of Spain, the affected entity would not be able make any discretionary payments. Once the MDA has been calculated and reported, any discretionary payments would be limited to the calculated MDA.

Likewise, the fact that the Bank or the Group did not meet the applicable capital requirements could result in the imposition of additional requirements of “Pillar 2” and the adoption of early action measures or, ultimately, of resolution measures by the resolution authorities in accordance with Law 11/2015, which, together with RD 1012/2015, has implemented Directive 2014/59/EU of the European Parliament and of the Council of 15th May, 2014, in Spain, which establishes a framework for the recovery and resolution of credit institutions and investment services companies (as amended, replaced or complemented at any time, **RRD**).

In addition, Regulation (EU) 2019/876 of the European Parliament and of the Council, of May 20th, 2019 (as amended, replaced or supplemented at any time, **CRR II**) establishes a binding requirement for the Tier 1 leverage ratio of 3 per cent. Any failure to comply with this leverage ratio would also result in the need to calculate and report the MDA and the same restrictions on Discretionary Payments.

Moreover, CRR II proposes new requirements that capital instruments must meet in order to be considered Additional Tier 1 or Tier 2 instruments, including some grandfathering measures until 28th June, 2025. Once CRR II comes into effect and the grandfathering period has elapsed, Additional Tier 1 and/or Tier 2 instruments that do not comply with the new requirements at that date will no longer be computed as capital instruments. This could give rise to shortfalls in regulatory capital and, ultimately, a failure to comply with the applicable regulatory minimum capital requirements, with the aforementioned consequences.

Additionally, the implementation of the expectations of the ECB regarding prudential provisions for non performing loans (**NPLs**) (published on 15th March, 2018) and the review that the ECB is carrying out of the internal models being used by banks subject to its supervision for the calculation of their risk weighting of assets could in turn give rise in the need to increase provisions for future NPLs and increases in the Group’ capital needs.

Furthermore, the implementation of the Basel III reforms (informally referred to as Basel IV) could result in an increase in the Bank’s and Group’s total RWAs, and therefore it could also lead to a decrease in the Bank’s and Group’s capital ratios.

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.

There can be no assurance that the above capital requirements will not adversely affect the Bank's ability to make discretionary payments, or result in the cancellation of such payments (in whole or in part), or require the Bank 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 Bank's business, financial condition and results of operations. Furthermore, an increase in capital requirements could negatively affect the return on equity and other banking financial result indicators.

The Group must also comply with the liquidity coverage ratio (**LCR**). The LCR has been progressively implemented since 2015 in accordance with the CRR, with banks having had to fully comply with such ratio since 1st January, 2018. As of 31st December, 2019, the Group's LCR was 129 per cent.

Meanwhile, the net stable funding ratio (**NSFR**), calculated based on the Basel requirements, remained above 100 per cent. throughout 2019 and stood at 120 per cent. as of 31st December, 2019.

Various elements of the LCR and the NSFR, and how they are implemented by national banking regulators, may lead to changes to certain business practices, which could expose the Bank to additional costs (including increased compliance costs) or otherwise affect the profitability of the business, which could have a material adverse effect on the Bank's business, financial condition or results of operations. These changes may also cause the Bank to invest significant management attention and resources to make any necessary changes.";

- (b) the existing risk factor headed "*The Group is party to a number of legal and regulatory actions and proceedings*" starting on page 25 of the Offering Circular in the section entitled *Risk Factors – Factors that may affect the Issuer's ability to fulfil its obligations in respect of Notes issued under the Programme – Legal, Regulatory and Compliance Risks*" shall be deleted and replaced with the following:

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

The Issuer and its subsidiaries are involved in a number of legal and regulatory actions and proceedings, including legal claims and proceedings, civil and criminal regulatory proceedings, governmental investigations and proceedings, tax proceedings and other proceedings, in jurisdictions around the world, the final outcome of which is unpredictable, including in the case of legal proceedings where claimants seek unspecified or undeterminable damages, or where the cases argue novel legal theories, involve a large number of parties or are at early stages of discovery or investigation.

Legal and regulatory actions and proceedings against financial institutions have been on the rise in Spain and other jurisdictions where the Group operates over the last decade, fuelled in part by certain recent consumer-friendly rulings. In certain instances, these rulings were as a result of appeals made to national or supranational courts (such as the European Court of Justice). Legal and regulatory actions and proceedings faced by the Group include legal proceedings brought by clients before Spanish and European courts in relation to mortgage loan agreements in which claimants seek that certain provisions of such agreements be declared null and void (including provisions concerning fees and other expenses, early termination and the use of certain interest rates indexes in mortgages loans). Legal and regulatory actions and proceedings faced by other financial institutions

regarding these or other matters, especially if such actions or proceedings result in consumer-friendly rulings, could also adversely affect the Group.

With regards to consumer mortgage loan agreements linked to the mortgage loan reference index (Índice de Referencia de los Préstamos Hipotecarios — mortgage loan reference index) (**IRPH**), which is the average interest rate calculated by the Bank of Spain and published in the Official Spanish Gazette (*Boletín Oficial del Estado*) for mortgage loans of more than three years for freehold housing purchases granted by Spanish credit institutions and which is considered the “official interest rate” by mortgage transparency regulations, on 14th December, 2017 the Spanish Supreme Court, in its Ruling No 669/2017 (the **Ruling**), held that it was not possible to determine that a loan's interest rate was not transparent simply due to it making reference to one official rate or another, nor can its terms then be confirmed as unfair under the provisions of Directive 93/13/EEC of 5th April, 1993. The case was referred to the Court of Justice of the European Union for a preliminary ruling challenging the Ruling in relation to the application of the above referred IRPH index. On 3rd March, 2020, the Court of Justice of the European Union decided on the referred preliminary ruling.

In that decision, the Court of Justice of the European Union concluded that the main elements relating to the calculation of the IRPH index used by the bank that is party to this proceeding (Bankia, SA) were provided in the Bank of Spain Regulation (Circular 8/1990), published in the Official Spanish Gazette, allowed consumers to understand the calculation of such index. In addition, the Court of Justice of the European Union indicated that the national court shall verify whether the bank that is party to this proceeding complied with the information obligations imposed by the national legislation. In the event that the entity had not complied with the applicable transparency regulations, the Court of Justice of the European Union decision provides that the national court could replace the IRPH index applied in the case under trial, unless otherwise agreed by the parties, with the IRPH index for credit entities as a substitute index (as established in the fifteenth additional provision of Law 14/2013, of 27 September 2013), so that the contract is not declared null and void. The Issuer considers that the ruling of the Court of Justice of the European Union should not have a significant effect on the Group's business, financial situation or results of operations.

In terms of the interest rates applied to certain credit card agreements, on March 4, 2020, the Spanish 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 this 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 year. In the specific case, the Supreme Court has considered usurious a rate of 26.82 per cent. when compared with the average rate of 20 per cent.. 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. The Issuer considers that the Supreme Court's ruling should not have significant effects on the Group's business, financial situation or results of operations.

The Group is also involved in antitrust proceedings and investigations in certain countries which could, among other things, give rise to sanctions or lead to lawsuits from clients or other persons. For example, in April 2017, the Mexican Federal Economic Competition Commission (*Comisión Federal de Competencia Económica* or the *COFECE*) launched an antitrust investigation relating to alleged monopolistic practices of certain financial institutions, including the Issuer's subsidiary BBVA Bancomer, S.A. (**BBVA Bancomer**) in connection with transactions in Mexican government bonds, which is still ongoing. The Mexican Banking and Securities Exchange Commission (*Comisión Nacional Bancaria y de Valores*) also initiated a separate investigation regarding this matter, which resulted in two fines on November 2018, insignificant in amount, being initially

imposed. BBVA Bancomer challenged these fines before the Federal Court of Administrative Justice through annulment trials, and achieved a favorable resolution, which can in turn be appealed by the Mexican Banking and Securities Exchange Commission. In March 2018, BBVA Bancomer and certain other affiliates of the Group were named as defendants in a putative class action lawsuit filed in the United States District Court for the Southern District of New York, alleging that the defendant banks and their named subsidiaries engaged in collusion with respect to the purchase and sale of Mexican government bonds. The plaintiffs seek unspecified monetary relief. The court assigned to hear these proceedings recently rejected the intended lawsuit, although the plaintiffs may re-file their lawsuit after modifying certain aspects of their claim.

The outcome of legal and regulatory actions and proceedings, both those to which the Group is currently exposed and any others which may arise in the future, including actions and proceedings relating to former subsidiaries of the Group or in respect of which the Group may have indemnification obligations, is difficult to predict. However, in connection with such matters the Group may incur significant expense, regardless of the ultimate outcome, and any such matters could expose the Group to any of the following outcomes: substantial monetary damages, settlements and/or fines; remediation of affected customers, clients, supervisory authorities and other stakeholders; other penalties and injunctive relief; additional litigation; criminal prosecution in certain circumstances; regulatory restrictions on the Group's business operations including the withdrawal of authorisations; changes in business practices; increased regulatory compliance requirements; the suspension of operations; public reprimands; the loss of significant assets or business; a negative effect on the Group's reputation; loss of confidence by investors, counterparties, customers, clients, supervisory authorities and other stakeholders; risk of credit rating agency downgrades; a potential negative impact on the availability and cost of funding and liquidity; and the dismissal or resignation of key individuals. There is also a risk that the outcome of any legal or regulatory actions or proceedings in which the Group is involved may give rise to changes in laws or regulations as part of a wider response by relevant lawmakers and regulators. A decision in any matter, either against the Group or another financial institution facing similar claims, could lead to further claims against the Group. In addition, responding to the demands of litigation may divert management's time and attention and the Group's financial resources. Moreover, where provisions have already been taken in connection with an action or proceeding, such provisions could prove to be inadequate.

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

- (c) the existing risk factor headed "*Spanish judicial authorities are conducting a criminal investigation into whether the Issuer violated laws related to bribery, revelation of secrets and corruption*" starting on page 27 of the Offering Circular in the section entitled *Risk Factors – Factors that may affect the Issuer's ability to fulfil its obligations in respect of Notes issued under the Programme – Legal, Regulatory and Compliance Risks*" shall be deleted and replaced with the following:

***"Spanish judicial authorities are conducting a criminal investigation into whether the Issuer violated laws related to bribery, revelation of secrets and corruption***

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 the Issuer. On 29th July, 2019, the Issuer 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 possible bribery, revelation of secrets and corruption violations by the Issuer. As of the date of the Supplement dated 6 May, 2020, no formal accusation against BBVA has been made. Certain current and former officers and employees of the Group, as

well as former directors of the Issuer, have also been named as investigated parties in connection with this investigation. The Issuer has been and continues to be proactively collaborating with the Spanish judicial authorities, including sharing with the courts information from its on-going forensic investigation regarding its relationship with Cenyt. The Issuer 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, the Issuer 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. For further information on how legal and regulatory actions and proceedings to which the Group is a party could affect it, please see "*Risk Factors - Legal, Regulatory and Compliance Risks - The Group is party to a number of legal and regulatory actions and proceedings*".";

- (d) the following shall be added as a new risk factor headed "*The new coronavirus pandemic (COVID-19) is adversely affecting the Group*" on page 32 of the Offering Circular in the section entitled "*Risk Factors – Factors that may affect the Issuer's ability to fulfil its obligations in respect of Notes issued under the Programme – Macroeconomic Risks*":

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

The new coronavirus pandemic (**COVID-19**) is adversely impacting the world economy and the Group. In addition to the loss of life and the health effects on millions of people globally, the pandemic has had, among others, the following effects: the adoption of emergency measures by authorities around the world, including border closures; the confinement of populations in their places of residence and the closure of certain non-essential activities due to impediments to mobility and social distancing requirements; disruption of global supply chains; falls in production and demand, to the point where very sharp falls in GDP may be registered in many countries at the same time (including Spain), with a very high probability of a global GDP fall in 2020; widespread increases in unemployment levels in the same period; increased volatility in the financial markets, including the shares and financial instruments issued by BBVA; falls in the value of assets and investments in line with the changing economic scenario and the measures implemented by the different authorities and supervisors to address the consequences of the pandemic; exchange rate volatility; increases in defaults on debts by both companies and individuals; and the increase in public debt due to the support and spending measures implemented by the authorities, including as a result of the increase in contingent liabilities of the public sector due to the extension of liquidity and credit guarantees to companies.

In several of the countries in which the Group operates, national and, where appropriate, supranational authorities are taking measures to mitigate the effects of this pandemic. Parts of these measures are intended to mitigate the impacts of COVID-19 in the banking sector and/or promote the granting of loans, especially to companies and the self-employed. For example, in some countries benchmark interest rates have been lowered, purchases of financial assets have been strengthened and/or certain prudential requirements for banks have been relaxed. Various moratorium measures have also been established for bank customers, both by the authorities and at the initiative of the entities themselves (including the Group) and/or the granting of loans has been facilitated through a line of public guarantees or guarantees. At the same time, several national governments (including those of most of the countries in which the Group operates) have adopted packages of economic stimulus measures, some of them of great significance and budgetary cost, to mitigate the impact of the pandemic on the economy, including the approval of direct aid to families without resources, freelancers and companies. It is difficult to predict how effective these and other measures will be to mitigate the economic impacts of COVID-19.

This pandemic, as well as the reactions it has caused, are adversely affecting, and expected to continue to adversely affect, economic activity and conditions in the countries in which the Group operates and, therefore, the Group. In several of the countries in which the Group operates, including Spain, the Group has temporarily closed a significant number of its offices and has reduced customer service hours and the teams that provide central services are working remotely, affecting their normal functioning. In addition, the Group faces various risks, such as an increased risk of impairment of its assets (including financial instruments valued at fair value, which may suffer significant fluctuations), a possible significant increase in loan defaults, and a decrease in its activity, for example, the granting of new loans to individuals (which has significantly reduced since the beginning of the state of emergency or confinements imposed in certain countries in which the Group operates). These risks could continue to affect the Group for as long as these states of emergency or confinements continue and the normal operation of activity resumes, or for an even longer time if the economies of the countries to which the Group is exposed do not recover quickly. The pandemic could also adversely affect the business and operations of third parties that provide critical services to the Group and, in particular, greater demand for and/or lower availability of certain resources could in some cases make it more difficult to maintain service levels. Furthermore, remote working has increased the risks related to cybersecurity, as the use of non-corporate networks has increased.

Due to all of the above, the COVID-19 pandemic is adversely affecting the Group. The final magnitude of the impact on the Group's business, financial situation and results, which could be material, will depend on future and uncertain events, including the intensity and persistence over time of the consequences arising from the pandemic in different countries in which the Group operates.";

- (e) the existing risk factor headed "*Implementation of internationally accepted liquidity ratios might require changes in business practices that affect the profitability of the Issuer's business activities*" on page 34 of the Offering Circular in the section entitled "*Risk Factors – Factors that may affect the Issuer's ability to fulfil its obligations in respect of Notes issued under the Programme – Liquidity and Financial Risks*" shall be deleted; and
- (f) the existing paragraph in the risk factor headed "*The Group depends in part upon dividends and other funds from subsidiaries*" on page 36 of the Offering Circular in the section entitled "*Risk Factors – Factors that may affect the Issuer's ability to fulfil its obligations in respect of Notes issued under the Programme – Liquidity and Financial Risks*" shall be deleted and replaced with the following:

"The Bank's ability to pay dividends, to the extent that the Bank decides to do so, depends, in part, on the dividends paid to the Bank by the Group's subsidiaries. Partly due to the Group's decision to follow a "Multiple-point-of-entry" (MPE) strategy, in accordance with the framework for the resolution of financial entities designed by the Financial Stability Board (FSB), its subsidiaries are self-sufficient and responsible for managing their liquidity (whether through raising deposits or accessing the market with their own rating). This means that the payment of dividends, distributions and advances by the Group's subsidiaries depends on, although not exclusively, their results and the context of their activity and their liquidity needs, which may be also limited by legal, regulatory and contractual restrictions or by the recommendations of the relevant supervisory authorities (such as those already made regarding the COVID-19 pandemic). Moreover, the Group also has to comply with increased capital requirements, which could result in the imposition of restrictions or prohibitions on discretionary payments, including the payment of dividends and other distributions to the Bank by its subsidiaries (see "*Increasingly onerous capital requirements may have a material adverse effect on the Group's business, financial condition and results of operations*"). Additionally, the Bank's right to receive any assets of any of its subsidiaries as an equity holder of such subsidiaries upon their liquidation or reorganisation will be effectively subordinated to the claims of subsidiaries' creditors, including trade creditors.

Likewise, the Bank's ability to pay dividends is conditioned by the recommendations and requirements of the Bank's and its subsidiaries' supervisory authorities. In particular, the ECB published a recommendation dated 27th March, 2020 linked to COVID-19, recommending distributions not be made before at least 1st October, 2020, including no adoption of irrevocable commitments to pay dividends for the 2019 and 2020 financial years, as well as recommending entities not to issue share buyback programs with the aim of remunerating its shareholders. In accordance with this recommendation, on 30th April, 2020, BBVA resolved to modify, for the financial year corresponding to 2020, the dividend policy of the Group, determining as new policy for 2020, not to pay any dividend amount corresponding to 2020 until the uncertainties caused by COVID-19 disappear and, in any case, not before the end of such fiscal year. There can be no assurance that the Group will not modify its dividend policy again in the future as a result of recommendations or requirements from its supervisory authorities."

## **General**

Save as disclosed in this Supplement, there has been no material adverse change in the prospects of the Issuer or the Group, nor has there been any significant change in the financial position of the Issuer or the Group, in each case since 31st December, 2019.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Offering Circular by this Supplement and (b) any other statement in or incorporated by reference in the Offering Circular, the statements in (a) above will prevail.

Save as disclosed in this Supplement and any supplement to the Offering Circular previously issued, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Offering Circular since the publication of the Offering Circular.

If documents which are incorporated by reference or attached to this Supplement themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Supplement for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference or attached to this Supplement.