

INFORMATION MEMORANDUM DATED 10TH DECEMBER, 2021



**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 15 to 42 (inclusive) of this document).

Potential investors should note the statements on pages 142 to 146 (inclusive) regarding the tax treatment in the Kingdom of Spain (**Spain**) of income obtained in respect of the Notes and the disclosure requirements imposed on the Issuer relating to the Notes by Law 10/2014 of 26th June, on the 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**).

**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**). Each of S&P, Moody's and Fitch is established in the European Economic Area (the **EEA**) and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such, each of S&P, Moody's and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. Ratings issued by S&P have been endorsed by S&P Global Ratings UK Limited, ratings issued by Moody's have been endorsed by Moody's Investors Service Ltd and ratings issued by Fitch have been endorsed by Fitch Ratings Limited, each of which is a credit rating agency established in the United

Kingdom (the **UK**) and registered under the CRA Regulation as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the **UK CRA Regulation**), each in accordance with the UK CRA Regulation and have not been withdrawn. As such, the ratings issued by S&P, Moody's and Fitch may be used for regulatory purposes in the UK in accordance with the UK CRA Regulation.

## 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 10th December, 2021 (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 Bank (Europe), 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 series 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 81 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 / UK MIFIR 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 II Product Governance Rules**) and/or the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR 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 II Product Governance Rules or the UK MiFIR Product Governance Rules.

The Pricing Supplement in respect of any Notes will include a legend entitled “MiFID II Product Governance” and may also include a legend entitled “UK MiFIR Product Governance Rules”, 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 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**) and/or the UK MiFIR Product Governance Rules 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 (the **EU**) Member State (each, a **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 audited consolidated financial statements as at and for each of the years ending 31st December, 2020, 31st December, 2019 and 31st December, 2018 (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, 2020 filed with the U.S. Securities and Exchange Commission (the **SEC**) on 26th February, 2021 (the **Form 20-**

F), and recast audited consolidated financial statements as at and for each of the years ending 31st December, 2020, 31st December, 2019 and 31st December, 2018 (the **Recast Consolidated Financial Statements**), as included in the report on Form 6K filed with the SEC on 2nd June, 2021, each of which are 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 UK;
- **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.

In this Information Memorandum, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

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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 6-K of the Issuer containing the Recast Consolidated Financial Statements and certain revised disclosures as of and for the years ended 31st December, 2020, 31st December, 2019 and 31st December, 2018 as filed with the SEC on 2nd June, 2021 (which includes on pages F-1 and F-3 thereof the auditor's report and on pages F-4 to F-180 thereof, the Recast Consolidated Financial Statements);
- (b) the Form 20-F of the Issuer, for the financial year ended 31st December, 2020 as filed with the **SEC** on 26th February, 2021 (which includes on pages F-1 to F-3 thereof the auditor's report and on pages F-4 to F-182 thereof, the Consolidated Financial Statements);
- (c) the Form 6-K of the Issuer, for the six month period ending 30th June, 2021 as filed with the SEC on 30th July, 2021 (which includes the unaudited condensed interim consolidated financial statements of the Issuer as of and for each of the six month periods ending 30th June, 2021 and 30th June, 2020);
- (d) the Condensed Interim Consolidated Financial Statements and Interim Consolidated Management Report (the **Management Report**) as of and for the nine months ending 30th September, 2021 of the Issuer as furnished to the Spanish National Securities Market Commission (Comisión Nacional del Mercado de Valores or the **CNMV**) on 29th October, 2021 (which includes the unaudited condensed interim consolidated financial statements of the Issuer as at 30th September, 2021 and for each of the nine month periods ending 30th September, 2021 and 30th September, 2020, the auditors' limited review report thereon and certain other information);
- (e) the audited stand-alone financial statements of the Issuer as of and for the year ended 31st December, 2020 as furnished to the CNMV under Circular 4/2017; and
- (f) the audited stand-alone financial statements of the Issuer as of and for the year ended 31st December, 2019 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

<b>Issuer:</b>	Banco Bilbao Vizcaya Argentaria, S.A. ( <b>BBVA</b> ).
<b>Issuer Legal Entity Identifier (LEI):</b>	K8MS7FD7N5Z2WQ51AZ71
<b>Risk Factors:</b>	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.
<b>Arranger:</b>	Bank of America Europe DAC.
<b>Dealers:</b>	<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 Bank (Europe), 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>
<b>Issuing and Paying Agent:</b>	The Bank of New York Mellon, London Branch.
<b>Purpose of the Programme:</b>	The net proceeds from the sale of Notes will be applied for general corporate purposes.
<b>Maximum amount of the Programme:</b>	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.
<b>Characteristics and form of the Notes:</b>	<p>Notes will be issued in bearer form. The Notes will initially be in global form (<b>Global Notes</b>).</p> <p>Each Global Note which is not intended to be issued in new global note form (a <b>Classic Global Note</b> or <b>CGN</b>), 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 <b>New Global Note</b> or <b>NGN</b>), 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 10th December, 2021 (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.

<b>Remuneration:</b>	Notes may be issued at a discount or may bear a fixed or a floating rate of interest.
<b>Currencies of issue of the Notes:</b>	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.
<b>Maturity of the Notes:</b>	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.
<b>Redemption for taxation reasons:</b>	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.
<b>Minimum denomination of the Notes:</b>	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 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 the restated text of the Insolvency Law approved by Royal Legislative Decree 1/2020, of 5th May (*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, 433 and 435 of the Insolvency Law and other applicable laws relating to or affecting the enforcement of creditors' rights in 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 either, English law or Spanish law as specified in the applicable Pricing Supplement.

In the case of Notes governed by 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**).

In the case of Notes governed by English law, accountholders in the Relevant Clearing Systems will, in respect of Global Notes, have the benefit of a deed of covenant dated 10th December, 2021 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.

<b>Rating(s) of the Programme:</b>	<p>The Programme has been rated by Fitch, Moody's and S&amp;P.</p> <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.</p>
<b>Selling restrictions:</b>	<p>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 “<i>Subscription and Sale</i>” below.</p>
<b>Taxation:</b>	<p>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.</p> <p>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 “<i>Taxation – Tax Reporting Obligations of the Issuer</i>”.</p> <p>For further information regarding the interpretation of RD 1065/2007 please refer to “<i>Risk Factors – Spanish Tax Rules</i>”.</p> <p>For further details, see “<i>Taxation</i>” below.</p>
<b>Notices:</b>	<p>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.</p>

## **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 COVID-19 (coronavirus) 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. Despite increasing rates of vaccination, new waves of contagion continue to be a source of concern and the emergence of new strains remains a risk. Among other challenges, these countries are still dealing with very high unemployment levels, weak activity, supply disruptions and increasing inflationary pressures, while public debt has increased significantly due to support and spending measures implemented by government authorities. Furthermore, there has been an increase in loan losses from both companies and individuals, which has so far been slowed down by the impact of government support measures, including bank payment deferrals, credit with public guarantee and direct aid measures. In addition, volatility in the financial markets may continue, affecting exchange rates and the value of assets and investments, all of which adversely affected the Group's results in 2020. There are still uncertainties about the final impact of the COVID-19 pandemic in the future.

Furthermore, the Group has been and may be affected by the measures or recommendations adopted by regulatory authorities in the banking sector such as variations in reference interest rates, the modification of prudential requirements, the temporary suspension of dividend payments, the modification of the deferral of monthly instalments for certain loans and the granting of guarantees or public guarantees to new credit operations for companies and self-employed persons, the adoption of further similar measures or the termination of those already approved, as well as any changes in financial asset purchase programmes by the ECB.

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 decreased 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 volatility 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 increase in non-performing loans (NPLs) and risk-weighted assets (RWAs) and 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). Given the progress made during the course of the pandemic, which has led to the almost complete elimination of restrictions on mobility and the subsequent recovery from these restrictions, consideration is now being given to the specific characteristics of each client over and above their belonging to a particular sector.

In addition, in several of the countries in which the Group operates, including Spain, the Group closed its branches and reduced the opening hours of working with the public, depending on the confinement measures imposed in such countries and the teams that provide central services have had to work remotely and may continue to do so. While these measures were progressively reversed in most regions, additional restrictions on mobility could be adopted that affect the Group's operations. 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.

In summary, the COVID-19 pandemic has had an adverse effect on the Group's results and capital base during 2020, although this has been mitigated in 2021, uncertainty still remains about the ultimate impact of the COVID-19 pandemic.

The COVID-19 pandemic has had an adverse effect on the Group's results for the year ended 31st December, 2020 as well as on the Group's capital base as of 31st December, 2020. For information on the impact of the COVID-19 pandemic on the Group, see "*Item 5. Operating and Financial Review and Prospects—Operating Results—Factors Affecting the Comparability of our Results of Operations and Financial Condition—The COVID-19 Pandemic*" of the Form 20-F.

The COVID-19 pandemic has also exacerbated other risks disclosed in this section, including but not limited to risks associated with the credit quality of the Group's borrowers and counterparties or collateral, any withdrawal of European Central Bank (ECB) funding (of which the Group has made and continues to make significant use), the Group's exposure to sovereign debt and rating downgrades, the Group's ability to comply with its regulatory requirements, including MREL (as defined herein) and other capital requirements, and the deterioration of economic conditions or changes in the institutional environment.

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, and Turkey, which respectively represented 54.9 per cent., 15.3 per cent. and 8.2 per cent. of the Group's assets as of 30th September, 2021 (55.1 per cent., 15 per cent and 8.1 per cent. as of 31st December, 2020, respectively). Additionally, the Group is exposed to sovereign debt, particularly sovereign debt related to these geographies. "*Item 5. Operating and Financial Review and Prospects—Operating Results—Operating Environment*" of the Form 20-F summarises some of the challenges that these countries are currently facing and that, therefore, could significantly affect the Group.

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 of the countries in which the Group operates, leading many of them to an economic recession in 2020. Furthermore, this crisis could, together with other factors, 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 moderation of international trade in goods and services, as well as having other effects of long duration that transcend the pandemic itself. Furthermore, in a scenario as uncertain as the current one, emerging economies (to which the Group is significantly exposed, particularly in the case of Mexico and Turkey) could be particularly vulnerable to changes in the financial risk appetite, for example due to the withdrawal of monetary stimulus by the U.S. Federal Reserve, or to a sharp deceleration of global activity, due to a stronger-than-expected deceleration of GDP growth in large economies such as China.

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 further economic recession in some or all of those countries; more persistent inflationary pressures, which could trigger a sharper-than-expected tightening of monetary conditions; a stagflation scenario due to more intense or more protracted supply shocks; 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; 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; growing public or external deficits 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, 2021 was €745,676 million (€749,524 million, €809,786 million and €763,082 million as of 31st December, 2020, 2019 and 2018, 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, changes in the rating of individual contractual counterparties, their debt levels and the 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 or provisions and legal and regulatory developments.

Non-performing or impaired customer loans have been adversely affecting the Group's results given the increasing economic uncertainty. As of 30th September, 2021 and 31st December, 2020, the Group had a 4.0 per cent. and 4.2 per cent. NPL ratio (as defined in "Alternative Performance Measures" of the Management Report) compared to 3.8 per cent. and 3.9 per cent. as of 31st December, 2019 and 31st December, 2018, respectively. Due to the COVID-19 pandemic, NPL ratios progressively improved due in part to the low interest rates, which improved clients' ability to pay. A faster than initially anticipated increase in interest rates, particularly in emerging markets which have already started their tightening cycle, can also translate into an increase in NPLs.

In addition, it is possible that the current scenario of economic deterioration results in a decrease in the prices of real estate assets in Spain and other countries (in particular, Mexico and Turkey, given the Group's exposure to these markets).

As of 31st December, 2020, the Group's exposure to the construction and real estate sectors (excluding the mortgage portfolio) in Spain was equivalent to €10,024 million, of which €2,565 million corresponded to

loans for construction and development activities in Spain (representing 1.6 per cent. of the Group's loans and advances to customers in Spain (excluding the public sector) and 0.3 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. The total real estate exposure (excluding the mortgage portfolio), including developer credit, foreclosed assets and other assets, reflected a coverage ratio of 53 per cent. in Spain as of 31st December, 2020. A fall in the prices of real estate assets in Spain (or in other countries where the Group has significant real estate exposure such as Mexico) would reduce the value of the shareholdings referred to above, as well as the value of any real estate securing loans granted by the Group and, therefore, in the event of default, the amount of the "expected losses" related to such loans 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, 2021, was €91,811 million at a global level (as of 31st December, 2020, 2019 and 2018, €91,428 million, €96,377 million and €97,572 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 processes followed by the Group to estimate losses derived from its exposure to credit risk may prove to be inadequate or insufficient in the current environment of high economic uncertainty, which could affect 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 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, 2021 and 31st December, 2020, the interest margin with respect to the gross margin was 69 per cent. and 72 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 sector 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 cuts in reference interest rates, which, moreover, will likely take time to be raised and, if raised, interest rates will likely increase 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 ongoing benchmark reforms, affect the Group's interest-earning assets differently from the Group's interest-bearing liabilities. 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. Moreover, the ongoing benchmark reforms expose the Group to other significant risks, including legal and operational risks.

Furthermore, if interest rates were to increase in some or all of the Group's markets, this 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 default rate. As a result of the above, the evolution of interest rates could have a material adverse effect on the Group's business, financial condition or results of operations.

### ***The Group is exposed to risks related to the continued existence of certain reference rates and the transition to alternative reference rates***

In recent years, international regulators have been driving a transition from the use of interbank offer rates (**IBORs**), including the London interbank offered rate (**LIBOR**), the euro interbank offered rate (**EURIBOR**) and the euro overnight index average (**EONIA**), to alternative risk free rates (**RFRs**). This has

resulted in regulatory reform and changes to existing IBORs, with further changes anticipated. These reforms and changes may cause an IBOR to perform differently than it has done in the past or to be discontinued. For example, in 2017, the U.K. Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of LIBOR after 2021, and EONIA modified its methodology on 2nd October, 2019 and will likely be discontinued as from January 2022. In November 2019, the determination methodology for EURIBOR was changed to a new hybrid methodology using transaction-based data and other sources of data.

Uncertainty as to the nature and extent of such reforms and changes, and how they might affect financial instruments, may adversely affect the valuation or trading of a broad array of financial instruments that use IBORs, including any EURIBOR, EONIA or LIBOR-based securities, loans, deposits and derivatives that are issued by the Group or otherwise included in the Group's financial assets and liabilities. Such uncertainty may also affect the availability and cost of hedging instruments and borrowings. The Group is particularly exposed to EURIBOR-based financial instruments.

It is not possible to predict the timing or full effect of the transition to RFRs. As a result of such transition, the Group will be required to adapt or amend documentation for new and the majority of existing financial instruments, and may be subject to disputes (including with customers of the Group) related thereto, either of which could have an adverse effect on the Group's results of operations. The implementation of any alternative RFRs may be impossible or impracticable under the existing terms of certain financial instruments. Such transition could also result in pricing risks arising from how changes to reference rates could impact pricing mechanisms in some instruments, and could have an adverse effect on the value of, return on and trading market for such financial instruments and on the Group's profitability. In addition, the transition to RFRs will require important operational changes to the Group's systems and infrastructure as all systems will need to account for the changes in the reference rates.

Any of these factors may have a material adverse effect on the Group's business, financial condition and results of operations.

### ***The Group faces increasing competition***

The markets in which the Group operates are highly competitive and it is expected 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 brand recognition) and the emergence of new business models. Although the Group is making efforts to anticipate these changes, betting on its digital transformation, its competitive position is affected 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 regulations specific to the activity they develop or that benefit from loopholes 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 such groups at a competitive disadvantage.

Moreover, the widespread adoption of new technologies, including cryptocurrencies and payment systems, could require substantial investment 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 reductions in employees. These changes could result in significant expenses as the Group reconfigures and transforms its commercial network. Failure to effectively implement such changes efficiently and on a timely basis could have a material adverse impact on the Group's competitive position or otherwise have a material adverse effect on the Group's business, financial condition or results of operations.

As announced by BBVA on 8th June, 2021, BBVA reached an agreement with union representatives on the

collective layoff process for BBVA in Spain initiated on 13th April, 2021 that will affect 2,935 employees. The agreement also includes the closing of 480 branches. The cost of the process is estimated at €960 million before taxes, of which €720 million relates to the total layoff costs and €240 million to the branch closing costs.

### *The Group faces risks related to its acquisitions and divestitures*

The Group has both acquired and sold various companies and businesses over the past few years. On 15th November, 2021, BBVA announced its decision to launch a voluntary takeover bid for the entire share capital of Türkiye Garanti Bankası A.Ş. (**Garanti BBVA**) not already owned by BBVA. The voluntary takeover bid application is pending and is to be approved by the Capital Markets Board of Turkey (the **CMB**), once all relevant regulatory approvals have been obtained. On 1st June, 2021, the Group announced the closing of the sale of BBVA USA Bancshares, Inc. (**BBVA USA Bancshares**) and certain other Group companies in the US. Other recent transactions include the sale of Banco Bilbao Vizcaya Argentaria Paraguay, S.A. (**BBVA Paraguay**), Banco Bilbao Vizcaya Argentaria Chile, S.A. (**BBVA Chile**) and the transfer of real estate business and sale of a stake in Divarian Propiedad S.A. to Promontoria Marina, S.L.U., a company managed by Cerberus (as defined herein). For additional information, see “Item 4. Information on the Company—History and Development of the Company—Capital Divestitures” of the Form 20-F.

The Group may not complete any ongoing or future transactions in a timely manner, on a cost-effective basis or at all and, if completed, they may not obtain the expected results. In addition, if completed, the Group’s results of operations could be adversely affected by divestiture or acquisition-related charges and contingencies. The Group may be subject to litigation in connection with, or as a result of, divestitures or acquisitions, including claims from terminated employees, customers or third parties. In the case of an acquisition, the Group may be liable for potential or existing litigation and claims related to an acquired business, including because either the Group is not indemnified for such claims or the indemnification is insufficient. Further, in the case of a divestiture, the Group may be required to indemnify the buyer in respect of similar or other matters, including claims against the divested entity or business.

In the case of an acquisition, even though the Group reviews the companies it plans to acquire, it is often not possible for these reviews to be complete in all respects and there may be risks associated with unforeseen events or liabilities relating to the acquired assets or businesses that may not have been revealed or properly assessed during the due diligence processes, resulting in the Group assuming unforeseen liabilities or an acquisition not performing as expected. In addition, acquisitions are inherently risky because of the difficulties that may arise in integrating people, operations and technologies. There can be no assurance that any of the businesses the Group acquires can be successfully integrated or that they will perform well once integrated.

Acquisitions may also lead to potential write-downs that adversely affect the Group’s results of operations. Any of the foregoing may cause the Group to incur significant unexpected expenses, may divert significant resources and management attention from the Group’s other business concerns, or may otherwise have a material adverse impact on the Group’s business, financial condition 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 tax and legal regimes related to 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 risk, the difficulty in managing or supervising a local entity from abroad, political risks (which could affect only 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 conditions 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 U.S. dollar), as well as, in some cases, by 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 adversely affect such economies and therefore the Group. Moreover, emerging countries are more prone to experience significant changes in inflation (such as Turkey) and foreign exchange rates, which may have a material impact on the Group's results of operations, assets (including RWAs) and liabilities.

The Group's operations in emerging countries are also exposed to heightened political risks, such as changes in governmental policies, expropriation, nationalisation, interest rate limits, exchange controls, government restrictions on dividends and adverse tax policies. For example, the repatriation of dividends from BBVA's Venezuelan and Argentinian subsidiaries is subject to certain restrictions and there is no assurance that further restrictions will not be imposed.

If the Group failed to adopt effective and timely policies and strategies in response to the risks and challenges it faces in each of the regions where it operates, particularly in emerging countries, the Group's business, financial condition and results of operations could be materially and adversely affected.

***Since the Group's loan portfolio is highly concentrated in Spain, adverse changes affecting the Spanish economy could have a material adverse effect on its financial condition***

The Group has historically carried out its lending activity mainly in Spain, which continues to be one of its primary business areas, such that as of 31st December, 2020, total risk in financial assets in Spain (calculated as set forth in item (c) of Appendix IX (*Additional information on risk concentration*) of the Consolidated Financial Statements) amounted to €236,016 million, equivalent to 42 per cent. of the Group's total risk in financial assets. The COVID-19 pandemic has had a significant impact on the Spanish economy and the sovereign fiscal position. Spanish GDP is estimated to have contracted around 11 per cent. in 2020, as the pandemic and the measures adopted to slow its spread brought about a sharp reduction in economic activity in the first half of the year, which was among the most severe within the Eurozone. The sharp decline in economic activity and measures adopted to support the economy have given rise to concerns about public debt sustainability in the medium and long term. In addition, while increases in unemployment have been limited by the implementation of short-time work schemes, as these measures are withdrawn in 2021, unemployment is expected to rise. Further, while economic recovery is expected to be boosted by the implementation of EU-level initiatives, in particular the financial support linked to the Next Generation EU plan, there are risks as to the capacity of the Spanish economy to absorb the EU funds and translate the support to productive investment. In addition, the Spanish economy is particularly sensitive to economic conditions in the Eurozone, the main export market for Spanish goods and services. The Group's gross exposure of loans and advances to customers in Spain totalled €195,983 million as of 31st December, 2020, representing 61 per cent. of the total amount of loans and advances to customers included on the Group's consolidated balance sheet. The Group's Spanish business includes extensive operations in Catalonia, which represented 16 per cent. of the Group's assets in Spain as of 31st December, 2020 (18 per cent. as of 31st December, 2019). While social and political tensions have generally declined since 2017, if such tensions were to increase, this could lead to scenarios of uncertainty, volatility in capital markets and a deterioration of economic and financing conditions in Spain.

Given the relevance of the Group's loan portfolio in Spain, any adverse change affecting economic conditions in Spain could have a material adverse effect on the Group's business, financial condition and results of operations.

## **Financial Risks**

***The Group 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, 2021, the balance of customer deposits represented 71 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, changes in interest rates and credit spreads may significantly affect the cost of the Group's short and long-term wholesale financing. Changes in credit spreads are driven by market factors and are also influenced by the market's perception of the Group's solvency. As of 30th September, 2021 debt securities issued by the Group represented 11.5 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 ECB's extraordinary measures taken in response to the financial crisis since 2008 or those taken in connection with the crisis caused by the COVID-19 pandemic. The ECB announced in December 2020 the new conditions of its Targeted Long Term Refinancing Operations III programme, increasing the maximum amount that BBVA may receive from €35,000 million to €38,500 million and extending the enhanced conditions in terms of cost by one additional year until June 2022. As of 30th September, 2021, €38,692 million had been borrowed by BBVA (€35,032 million was drawn down as of 31st December, 2020, €21,000 million as of June 2020 and €7,000 million as of each of March 2020 and December 2019). 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 leverage. Furthermore, the Issuer could be subject to the adoption of early intervention measures or, ultimately, to the adoption of a resolution measure by the Relevant Spanish Resolution Authority (see "*Regulatory Framework – Resolution*"). Any of the above could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group and some of its subsidiaries depend on their credit ratings and sovereign credit ratings***

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 entail the breach or early termination of certain contracts or give rise to additional obligations under those contracts, such as the need to grant additional guarantees. The Group estimates that, if at 31st December, 2020, 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 €36.3 million under its derivative and other financial contracts. A hypothetical two-notch downgrade would have involved an outlay of €66.8 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 would 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 transactions, and could lead to the loss of customer deposits and make

third parties less willing to carry out commercial transactions with the Group (especially those that require a minimum credit rating), having a significant adverse impact on the Group's business, financial condition and results of operations.

Furthermore, the Group's credit ratings could be affected by variations in sovereign credit ratings, particularly the rating of Spanish sovereign debt. The Group holds a significant portfolio of debt issued by Spain, by the Spanish autonomous communities and by other Spanish issuers. As of 30th September, 2021 and 31st December, 2020, the Group's exposure to Spain's public debt portfolio was €46,475 and €46,401 million, respectively, representing 7 per cent. and 6 per cent. of the consolidated total assets of the Group, respectively. Any decrease in the credit rating of Spain could adversely 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 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 24th June, 2021 S&P confirmed BBVA's long-term rating of A- and changed its outlook from negative to stable. 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, any of which could have a material adverse effect on the Group's business, financial condition and results of operations.

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

Some of the Group's operations are conducted through the Issuer's subsidiaries. Consequently, the Issuer's results (and its ability to pay dividends) depend in part on the ability of its subsidiaries to generate earnings and to pay dividends to the Issuer. 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 Financial Stability Board (the **FSB**), the Group's subsidiaries are self-sufficient and each subsidiary is responsible for managing its own capital and liquidity. This means that the payment of dividends, distributions and advances by the Group's subsidiaries to the Issuer depends not only on the results of those subsidiaries, but also on the context of their operations and liquidity needs, and may be further limited by legal, regulatory and contractual restrictions. For example, in response to the crisis caused by the COVID-19 pandemic, certain restrictions were adopted that affect the distribution and/or repatriation of dividends from some of the Group's subsidiaries. There is no assurance that these restrictions will not remain in effect or, where lifted, reinstated, or that similar or new restrictions will not be imposed in the future. Furthermore, the Group'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.

In addition, 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 common equity tier 1 (**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 and no assurance can be given that further supervisory restrictions or recommendations will not restrict the Group's or the Group's subsidiaries' ability to distribute dividends in the future (see "Item 8. Financial Information—Consolidated Statements and Other Financial Information—Dividends" of the Form 20-F for further details).

Any dividends of the Issuer or any of its subsidiaries may be subject to further regulatory restrictions or recommendations, or current restrictions or recommendations could be in place for a longer or indefinite period.

***The Group's earnings and financial condition have been, and its future earnings and financial condition may continue to be, materially affected by asset impairment***

Regulatory, business, economic or political changes and other factors could lead to asset impairment. In recent years, severe market events such as the past sovereign debt crisis, rising risk premiums and falls in share market prices, have resulted in the Group recording large write-downs on its credit market exposures. Doubts regarding the asset quality of European banks has also affected their evolution in the market in recent years.

Several ongoing factors could depress the valuation of the Group's assets or otherwise lead to the impairment of such assets (including goodwill and deferred tax assets). This includes the COVID-19 crisis, Brexit, the surge of populist trends in several European countries, increased trade tensions and potential changes in U.S. economic policies implemented by the new U.S. administration, any of which could increase global financial volatility and lead to the reallocation of assets. In addition, uncertainty about China's growth expectations and its policymaking capability to address certain severe challenges has contributed to the deterioration of the valuation of global assets and further increased volatility in the global financial markets.

In particular, the final impact of the COVID-19 crisis on the valuation of the Group's assets is still unknown. Since the outbreak of the crisis in the first quarter of 2020, public support measures have been introduced in the countries where the Group operates, most of which have been in the form of public guarantees on new loans to corporates and small and medium-sized enterprises (SMEs), payment moratorium measures and payment holidays on certain household loans. Once these measures come to an end, it is possible that the Group will need to record significant loan-loss provisions as a result of the deterioration in the credit quality of the Group's clients, especially SMEs. Any such provisions could have a material adverse effect on the Group's business, financial condition and results of operations.

## **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 litigation pressure. The Group is party to government procedures and investigations, such as those carried out by the antitrust authorities 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.

The various Group entities are also frequently party to individual or collective judicial proceedings (including class actions) resulting from their activity and operations, as well as arbitration proceedings. More generally, in recent years, regulators have increased their supervisory focus on consumer protection and corporate behaviour, which has resulted in a larger number of regulatory actions.

In Spain and in other jurisdictions where the Group operates, legal and regulatory actions and proceedings against financial institutions, prompted in part by certain recent national and supranational rulings in favor of consumers (with regards to matters such as credit cards and mortgage loans), 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 and/or a reduction in revenues, and it is possible that an adverse outcome in any proceedings (depending on the amount thereof,



the penalties imposed or the resulting procedural or management costs for the Group) could materially and adversely affect the Group, including by damaging its reputation.

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. Any of such outcomes 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 draw resources away from the Group and may require significant attention on the part of the Group's management and employees.

As of 30th September, 2021, the Group had €604 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) of which €554 million corresponded to legal contingencies and €50 million corresponded to tax related contingencies. 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 which may otherwise affect the Group, 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.

***The Spanish judicial authorities are carrying out a criminal investigation relating to possible bribery, revelation of secrets and corruption by BBVA***

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 constitute bribery, revelation of secrets and corruption. 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. 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 obtained in the internal investigation hired by the Issuer in 2019 to contribute to the clarification of the facts. As at the date of this Information Memorandum, no formal accusation against BBVA has been made.

This criminal judicial proceeding is in the pre-trial phase. 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.

***Regulatory, Tax and Compliance Risks***

The financial services sector is one of the most regulated sectors 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; regulations affecting mortgages, banking products, and 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 the resistance of financial institutions to future crises.

Furthermore, the international nature of the Group's 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 regulated areas. 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, requiring 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 given time, especially in Spain, Mexico 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 adversely 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 which could further increase as a result of 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. In addition, supervisors and regulators have significant discretion in carrying out their duties, which gives rise to uncertainty regarding the interpretation and implementation of the regulatory framework. Moreover, 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 applicable.

Regulatory changes, adopted or proposed, as well as their interpretation or application, have increased and may continue to substantially increase the Group's operating expenses and adversely 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 Group, while liquidity standards may require the Group to hold a higher proportion of financial instruments with higher liquidity and lower performance, which can adversely affect its net interest margin. In addition, the Group's regulatory and supervisory authorities may require the Group to increase its loan loss allowances or asset impairments, which could have an adverse effect on its financial condition. It is also possible that governments and regulators impose additional ad hoc regulations or requirements in response to the crisis caused by the COVID-19 pandemic, including the imposition of requirements on credit institutions to provide financing to various entities such as, for example, the Fund for Orderly Bank Restructuring (*Fondo de Reestructuración 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 failure to comply with them, could result in a significant loss of income, represent a limitation on the ability of the Group 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.

One of the most significant regulatory changes resulting from the prior financial crisis, was the introduction of resolution regulations (which are described in "*Regulatory Framework – Resolution*"). In the event that the Relevant Spanish Resolution Authority considers that the Group is in a situation where conditions for

early intervention or resolution are met, it may adopt the measures provided for in the applicable regulations, including without prior notice.

Any such determination or the mere possibility that such determination could be made, could materially and adversely affect the Issuer's business, financial condition and results of operations, as well as the market price and behaviour of certain securities issued by the Group (or their terms, in the event of an exercise of the Spanish Bail-in-Power).

*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 Group 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 CET1 ratio of 8.60 per cent. and a total capital ratio of 12.76 per cent. In addition, BBVA must maintain, on an individual level, a CET1 ratio of 7.86 per cent. and a total capital ratio of 12.02 per cent. As of 30th September, 2021, the Group's phased-in total capital ratio was 19.17 per cent. on a consolidated basis and 21.27 per cent. on an individual basis, and its CET1 phased-in capital ratio was 14.71 per cent. on a consolidated basis and 15.91 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**). On 31st May, 2021, BBVA announced that it had received a communication from the Bank of Spain of its new MREL requirement, as determined by the SRB, replacing the previous MREL requirement communicated in November 2019. In accordance with this new communication, BBVA should maintain, as of 1st January, 2022, a volume of own funds and eligible subordinated liabilities corresponding to 24.78 per cent. of the total RWAs of its resolution group at the subconsolidated level (the **MREL in RWAs**). The resolution group consists of BBVA and its subsidiaries belonging to the same European resolution group. As of 30th September, 2021, the total RWAs of the resolution group amounted to €186,619 million. Likewise, of this MREL in RWAs, 13.5 per cent. of the total RWAs will have to be fulfilled with subordinated instruments (the **MREL RWAs subordination requirement**). As of 30th September, 2021, the own funds and eligible liabilities of the resolution group corresponds to 29.87 per cent. of its RWAs, and the subordinated own funds and eligible liabilities corresponds to 26.55 per cent. Nevertheless, the MREL in RWAs and the MREL RWAs subordination requirement do not include the combined capital buffer requirement which, for these purposes, would be 2.5 per cent. as at the date of this Information Memorandum, notwithstanding any other buffer that may be applicable from time to time.

Moreover, the MREL in RWAs and the MREL RWAs subordination requirement are equivalent, in terms of total exposure for the purpose of calculating the leverage ratio, to 12.43 per cent. and 11.05 per cent., respectively. As of 30th September, 2021, the total exposure for the purpose of calculating the leverage ratio amounted to €448,417 million.

However, the total capital, the MREL requirements, the Own Funds and the Eligible Liabilities available for MREL purposes are subject to interpretation and change and, therefore, no assurance can be given that the Group's interpretation is the appropriate one or 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 whatever 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 any capital target that may be announced to the market at any given time, which could be adversely 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 adversely affect the market value or behaviour of securities issued by the Issuer and/or the Group 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 the Maximum Distributable Amount (**MDA**) and, until such calculation has been undertaken and reported to the Bank of Spain, the affected entity would not be able to make any discretionary payments. Once the MDA has been calculated and reported, such discretionary payments would 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, in accordance with the EU Banking Reforms (as defined below), any failure by BBVA to comply with its respective “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 intervention measures or, ultimately, resolution measures by the resolution authorities.

Regulation (EU) 2019/876 of the European Parliament and of the Council, of 20th May, 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, 2021, the phased-in leverage ratio of the Group was 7.6 per cent. and fully loaded it was 7.5 per cent.). Moreover, the EU Banking Reforms 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 full implementation of the ECB expectations regarding prudential provisions for NPLs and the ECB’s 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 requirements, as described in “*Regulatory Framework – Resolution*”, currently only imposed upon G-SIBs, be applicable upon non-G-SIBs entities or should the Group once again be classified as a G-SIB, additional minimum requirements similar to MREL could in the future be imposed upon the Group.

There can be no assurance that the above capital requirements or MREL 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 eligible liabilities or 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 adversely 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 requirements and MREL could have a significant adverse effect on the Group'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 Group, may require implementing changes in some of its commercial practices, which could expose the Group 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 Group's business, financial condition or results of operations. As of 30th September, 2021 and 31st December, 2020, the Group's LCR was 170 per cent. and 149 per cent. respectively. The NSFR was 135 per cent. as of 30th September, 2021 and 127 per cent. as of 31st December, 2020. For further information, see "*Regulatory Framework – Solvency and Capital Requirements*".

*The Group is exposed to tax risks that may adversely affect it*

The size, geographic diversity and complexity of the Group and its commercial and financial relationships with both third parties and related parties result in the need to consider, evaluate and interpret a considerable number of tax laws and regulations, as well as any relevant interpretative materials, which in turn involve the use of estimates, the interpretation of indeterminate legal concepts and the determination of appropriate valuations in order to comply with the tax obligations of the Group. In particular, the preparation of the Group's tax returns and the process for 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. Any error or discrepancy with tax authorities in any of the jurisdictions in which the Group operates may give rise to prolonged administrative or judicial proceedings that may have a material adverse effect on the Group's results of operations.

In addition, governments in different jurisdictions are seeking to identify new funding sources, and they have recently focused on the financial sector. The Group's presence in various jurisdictions increases its exposure to regulatory and interpretative changes, which could, among other things, lead 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 and exemptions therefrom, such as the changes introduced in the Spanish Corporate Income Tax Law (as defined herein) to limit the exemption for dividends and capital gains from domestic and foreign subsidiaries to 95 per cent., which would mean that 5 per cent. of the dividends and capital gains of Group companies in Spain will be subject to, and not exempt from, corporate tax, or (iii) the creation of new taxes, like the common financial transaction tax (**FTT**) in the proposed Tax Directive of the European Commission (which would tax the acquisitions of certain securities, including those issued by the Group) and the Spanish FTT which came into effect in Spain in January 2021, may have adverse effects on the business, financial condition and results of operations of the Group.

*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 protection of personal data, the restrictions established by national or international sanctions programs and anti-corruption laws (including the US Foreign Corrupt Practices Act of 1977 and the UK Bribery Act of 2010), the violations of which lead to very significant penalties. These anti-corruption laws generally prohibit providing anything of value to government officials for the purposes of obtaining or retaining business or securing any improper business advantage. As part of the Group's business, the Group directly or indirectly, through third parties, deals with entities whose employees are considered to be government officials. The Group's activities are also subject to complex customer protection and market integrity regulations.

Generally, these regulations require banking entities to, among other measures, use due diligence measures to manage compliance risk. Sometimes, banking 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 (113,117 as of 30th September, 2021) or other persons of the Group or its business partners, agents and/or other third parties with a business or professional relationship with the Group do not circumvent or violate regulations or the Group'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. In particular, acts of misconduct by any employee, and particularly by senior management, could erode trust and confidence and damage the Group's reputation among existing and potential clients and other stakeholders. Actual or alleged misconduct by Group entities in any number of activities or circumstances, including operations, employment-related offenses such as sexual harassment and discrimination, regulatory compliance, the use and protection of data and systems, and the satisfaction of client expectations, and actions taken by regulators or others in response to such misconduct, could lead to, among other things, sanctions, fines and reputational damage, any of which could have a material adverse effect on the Group's business, financial condition and results of operations.

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. Further, financial crimes continually evolve and 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.

If there is a breach of the applicable regulations or the Group's ethics and compliance 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 from time to time conducts investigations related to alleged violations of such regulations and the Group's ethics and compliance regulations, and any such investigation or any related procedure could be time consuming and costly, and its results difficult to predict.

Finally, the COVID-19 outbreak has led in many countries to new specific regulations, mainly focused on consumer protection measures. The difficulties associated with the need to adapt the Group's processes and systems to these new regulations quickly could pose new compliance risks. Likewise, despite the existing controls in place, the increase in remote account opening driven by the pandemic could increase money laundering risks. Additionally, criminals are continuing to exploit the opportunities created by the pandemic across the globe and increased money laundering risks associated with counterfeiting of medical goods, investment fraud, cyber-crime scams and exploitation of economic stimulus measures put in place by governments. Increased strain on the Group's communications surveillance frameworks could in turn raise the Group's market conduct risk.

***BBVA's financial statements are based in part on assumptions and estimates which, if inaccurate, could cause material misstatement of the results of its operations and financial position***

The preparation of financial statements in compliance with IFRS-IASB and in accordance with EU-IFRS requires the use of estimates. It also requires management to exercise judgment in applying relevant accounting policies. The key areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the consolidated and individual financial statements, include the classification, measurement and impairment of financial assets, particularly where such assets do not have a readily

available market price, the assumptions used to quantify certain provisions and for the actuarial calculation of post-employment benefit liabilities and commitments, the useful life and impairment losses of tangible and intangible assets, the valuation of goodwill and purchase price allocation of business combinations, the fair value of certain unlisted financial assets and liabilities, the recoverability of deferred tax assets and the exchange and inflation rates of Venezuela. There is a risk that if the judgment exercised or the estimates or assumptions used subsequently turn out to be incorrect then this could result in significant loss to the Group beyond that anticipated or provided for, which could have an adverse effect on the Group's business, financial condition and results of operations.

Observable market prices are not available for many of the financial assets and liabilities that the Group holds at fair value and a variety of techniques to estimate the fair value are used. Should the valuation of such financial assets or liabilities become observable, for example as a result of sales or trading in comparable assets or liabilities by third parties, this could result in a materially different valuation to the current carrying value in the Group's financial statements.

The further development of standards and interpretations under IFRS-IASB and in accordance with EU-IFRS could also significantly affect the results of operations, financial condition and prospects of the Group.

## **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 accurately on a high volume of highly complex transactions 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. 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 other alternatives that BBVA offers users to become BBVA customers, have become even more important after the COVID-19 outbreak and the ensuing restrictions on mobility in the countries in which the Group operates. Currently, one in three new clients chooses digital channels to start their relationship with BBVA. 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 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 ever. The Group is likely to be forced to spend significant additional resources to improve its security measures in the future. As cyber-attacks are becoming increasingly sophisticated and difficult to prevent, the Group may not be able to anticipate or prevent all possible vulnerabilities, nor to implement preventive measures that are effective or sufficient.

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. 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 has been implemented in Spain 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 (as amended, replaced or supplemented from time to time, **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 concerning the Issuer shall not itself constitute a default on behalf of the Issuer 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 on behalf of the Issuer 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 such 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 THE STRUCTURE OF A PARTICULAR ISSUE OF NOTES**

***The market continues to develop in relation to SONIA and SOFR as a reference rate***

Where the applicable Pricing Supplement for a series of Notes specifies that the Rate of Interest for such Notes will be determined by reference to the Sterling Overnight Index Average rate (**SONIA**) or the secured overnight financing rate (**SOFR**, and **SONIA-Linked Notes** and **SOFR-Linked Notes**, respectively), interest will be determined on the basis of Compounded Daily SONIA or Compounded Daily SOFR, respectively (each as defined in the terms and conditions of the Notes). Compounded Daily SONIA and Compounded Daily SOFR differ from Sterling and U.S. dollar LIBOR, respectively, in a number of material respects, including (without limitation) that Compounded Daily SONIA and Compounded Daily SOFR are backwards-looking, compounded, risk-free or secured overnight rates, whereas Sterling and U.S. dollar LIBOR are expressed on the basis of a forward-looking term and include a credit risk-element based on inter-bank lending. As such, investors should be aware that there may be a material difference in the behaviour of Sterling LIBOR and SONIA or U.S. dollar LIBOR and SOFR as interest reference rates for SONIA-Linked Notes and SOFR-Linked Notes, respectively. The use of SONIA and SOFR as a reference rate for Eurobonds is nascent, and is subject to change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of debt securities referencing SONIA and/or SOFR.

Each of the Bank of England and the Federal Reserve Bank of New York (the **FRBNY**) publish certain historical indicative secured overnight financing rates, although such historical indicative data inherently involves assumptions, estimates and approximations. Potential investors in SONIA-Linked Notes and SOFR-Linked Notes should not rely on such historical indicative data or on any historical changes or trends in SONIA or SOFR, as the case may be, as an indicator of the future performance of SONIA or SOFR, respectively. For example, since the initial publication of SOFR, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmark or market rates (see “*SOFR and SONIA may be more volatile than other benchmarks or market rates*” below). Accordingly, SONIA and SOFR over the term of any SONIA-Linked Notes or SOFR-Linked Notes, respectively, may bear little or no relation to the historical actual or historical indicative data.

Prospective investors in any Notes referencing Compounded Daily SONIA or Compounded Daily SOFR should be aware that the market continues to develop in relation to each of SONIA and SOFR as a reference rate in the capital markets and its adoption as an alternative to Sterling LIBOR and U.S. dollar LIBOR, respectively. For example, market participants and relevant working groups are, as at the date of this Offering Circular, currently exploring forward-looking ‘term’ SONIA or SOFR reference rates (which seek to measure the market’s forward expectation of an average SONIA or SOFR rate over a designated term). The adoption of SONIA or SOFR may also see component inputs into swap rates or other composite rates transferring from Sterling LIBOR or U.S. dollar LIBOR, respectively, or another reference rate to SONIA or SOFR.

The market or a significant part thereof may adopt an application of SONIA or SOFR that differs significantly from that set out in the Terms and Conditions of the Notes in the case of Notes issued under the Programme for which Compounded Daily SONIA or Compounded Daily SOFR, respectively is specified as being applicable in the applicable Pricing Supplement. Furthermore, the Issuer may in the future issue Notes referencing SONIA or SOFR that differ materially in terms of the interest determination provisions when compared with the provisions for such determination as set out in paragraphs 12(b) and (c) of the Global Note, respectively. The nascent development of Compounded Daily SONIA and Compounded Daily SOFR as an interest reference rate for the Eurobond markets, as well as continued development of SONIA and SOFR-based rates for such market and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of any SONIA or SOFR-referenced Notes issued under the Programme from time to time.

In addition, the manner of adoption or application of SONIA and SOFR reference rates in the Eurobond markets may differ materially compared with the application and adoption of SONIA or SOFR in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of SONIA or SOFR reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing Compounded Daily SONIA or Compounded Daily SOFR.

Since SONIA and SOFR are relatively new market reference rates, Notes referencing Compounded Daily SONIA or Compounded Daily SOFR may have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities referencing Compounded Daily SONIA or Compounded Daily SOFR, such as the spread over the reference rate reflected in the interest rate provisions, may evolve over time, and trading prices of such debt securities may be lower than those of later issued debt securities as a result. Further, if Compounded Daily SONIA or Compounded Daily SOFR do not prove to be widely used in securities, the trading price of Notes referencing Compounded Daily SONIA or Compounded Daily SOFR, respectively, may be lower than those of debt securities referencing other reference rates that are more widely used.

Investors in Notes referencing Compounded Daily SONIA or Compounded Daily SOFR may not be able to sell such Notes at all or may not be able to sell such Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk. There can also be no guarantee that SONIA or SOFR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of

investors in such Notes. If the manner in which SONIA or SOFR is calculated is changed, that change may result in a reduction in the amount of interest payable on Notes referencing Compounded Daily SONIA or Compounded Daily SOFR, respectively, and the trading prices of such Notes.

Investors should carefully consider these matters when making their investment decision with respect to any such Notes.

***Any failure of SONIA or SOFR to gain market acceptance could adversely affect SONIA-Linked Notes or SOFR-Linked Notes***

According to the Alternative Reference Rates Committee, convened by the Board of Governors of the FRBNY, SOFR was developed for use in certain U.S. dollar derivatives and other financial contracts as an alternative to U.S. dollar LIBOR in part because it is considered a good representation of general funding conditions in the overnight U.S. Treasury repurchase agreement market. However, as a rate based on transactions secured by U.S. Treasury securities, it does not measure bank-specific credit risk and, as a result, is less likely to correlate with the unsecured short-term funding costs of banks. Similar considerations apply in respect of SONIA. This may mean that market participants would not consider SONIA or SOFR a suitable replacement or successor for all of the purposes for which Sterling or U.S. dollar LIBOR historically has been used (including, without limitation, as a representation of the unsecured short-term funding costs of banks), which may, in turn, lessen market acceptance of SONIA or SOFR. Any failure of SONIA or SOFR to gain market acceptance could adversely affect the return on and value and market price of Notes which reference Compounded Daily SONIA or Compounded Daily SOFR and the price at which investors can sell such Notes in the secondary market.

***The amount of interest payable with respect to each Interest Period will only be determined near the end of the Interest Period for SONIA-Linked Notes and SOFR-Linked Notes***

The Rate of Interest on Notes referencing Compounded Daily SONIA and Compounded Daily SOFR is only capable of being determined at the end of the relevant SONIA Observation Period (as defined in paragraph 12(b) of the Global Note or SOFR Observation Period (as defined in paragraph 12(c) of the Global Note) and immediately prior to the relevant Interest Payment Date. It may be difficult for investors in any such Notes to estimate reliably the amount of interest which will be payable on such Notes on each Interest Payment Date, and some investors may be unable or unwilling to trade such Notes without changes to their information technology systems, both of which factors could adversely impact the liquidity of such Notes.

***SOFR and SONIA may be more volatile than other benchmarks or market rates***

Since the initial publication of SOFR, daily changes in SOFR have, on occasion, been more volatile than daily changes in other benchmark or market rates, such as U.S. dollar LIBOR. Although changes in Compounded SOFR generally are not expected to be as volatile as changes in daily levels of SOFR, the return on and value and market price of Notes which reference Compounded Daily SOFR may fluctuate more than floating rate securities that are linked to less volatile rates. In addition, the volatility of SOFR has reflected the underlying volatility of the overnight U.S. Treasury repo market. The FRBNY has at times conducted operations in the overnight U.S. Treasury repo market in order to help maintain the federal funds rate within a target range. There can be no assurance that the FRBNY will continue to conduct such operations in the future, and the duration and extent of any such operations is inherently uncertain. Similar considerations may also apply in respect of SONIA. The effect of any such operations, or of the cessation of such operations to the extent they are commenced, is uncertain and could be materially adverse to investors in SOFR-Linked Notes or SONIA-Linked Notes, as applicable.

***The interest rate on SONIA-Linked Notes and SOFR-Linked Notes will be based on Compounded Daily SONIA and Compounded Daily SOFR, respectively, which are relatively new in the marketplace and may be determined by reference to the SONIA Compounded Index or the SOFR Index, respectively, relatively new market indexes***

For each Interest Period, the interest rate on any Notes referencing Compounded Daily SONIA or Compounded Daily SOFR is based on Compounded Daily SONIA or Compounded Daily SOFR, respectively, which is calculated on a daily compounded basis (or, where Index Determination is specified as being applicable in the applicable Pricing Supplement, by reference to the relevant index) and not the SONIA or SOFR rate published on or in respect of a particular date during such Interest Period or an arithmetic average of SONIA or SOFR rates during such Interest Period. Each of the SONIA Compounded Index and the SOFR Index measures the cumulative impact of compounding SONIA or SOFR, respectively, on a unit of investment over time. The value of the SONIA Compounded Index or the SOFR Index, on a particular business day reflects the effect of compounding SONIA or SOFR, respectively, on such business day and allows the calculation of Compounded Daily SONIA or SOFR averages, as applicable, over custom time periods. For this and other reasons, the interest rate on Notes referencing Compounded Daily SONIA or Compounded Daily SOFR during any Interest Period will not be the same as the interest rate on other SONIA or SOFR-linked investments that use an alternative basis to determine the applicable interest rate. Further, if the SONIA or SOFR rate in respect of a particular date during an Interest Period is negative, its contribution to the relevant compounded rate will be less than one, resulting in a reduction to such compounded rate used to calculate the interest payable on any Notes referencing Compounded Daily SONIA or Compounded Daily SOFR on the interest payment date for such Interest Period.

Very limited market precedent exists for securities that use SONIA or SOFR as the interest rate and the method for calculating an interest rate based upon SONIA or SOFR in those precedents varies. In addition, the Bank of England and the FRBNY only began publishing the SONIA Compounded Index and the SOFR Index, respectively, very recently. Accordingly, the specific formulas for Compounded Daily SONIA and Compounded Daily SOFR set out in the Conditions and the use of the SONIA Compounded Index or SOFR Index for the purposes of calculating Compounded Daily SONIA or Compounded Daily SOFR, respectively, may not be widely adopted by other market participants, if at all. If the market adopts a different calculation method, that would likely adversely affect the market value of any respective SONIA-Linked Notes or SOFR-Linked Notes.

***There can be no assurance that SONIA or SOFR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of holders of SONIA-Linked Notes or SOFR-Linked Notes, respectively***

SONIA and SOFR are published by the Bank of England and the FRBNY as the respective administrators of SONIA and SOFR based on data received from sources other than the Issuer. The Issuer has no control over the determination, calculation or publication of SONIA or SOFR. The administrator of SONIA or SOFR may make changes that could change the value of SONIA or SOFR, as the case may be, or discontinue SONIA or SOFR, respectively, and have no obligation to consider the interests of holders of SONIA-Linked Notes or SOFR-Linked Notes in doing so. Each of the Bank of England or the FRBNY (or, in each case, a successor), as the respective administrator of SONIA and SOFR, respectively, may make methodological or other changes that could change the value of SONIA or SOFR, including changes related to the method by which SONIA or SOFR is calculated, eligibility criteria applicable to the transactions used to calculate SONIA or SOFR, or timing related to the publication of SONIA and SOFR. In addition, the respective administrators of SONIA or SOFR may alter, discontinue or suspend calculation or dissemination of SONIA or SOFR (in which case a fallback method of determining the interest rate on any SONIA-Linked Notes or SOFR-Linked Notes will apply, as further described in paragraphs 12(b) and (c) of the Global Note, respectively).

There can be no assurance that SONIA or SOFR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of holders of SONIA-Linked Notes or SOFR-Linked Notes, respectively. If the manner in which SONIA or SOFR is calculated is changed, that change may result in a reduction of the amount of interest payable on any respective SONIA-Linked Notes or SOFR-Linked Notes, which may adversely affect the trading prices of such Notes. If the rate at which interest accrues on any SONIA-Linked Notes or SOFR-Linked Notes for any Interest Period declines to zero or becomes negative, no interest will be payable on such Notes on the Interest Payment Date for such Interest Period. The administrator of each of SONIA and SOFR has no obligation to consider the interests of holders of SONIA-

Linked Notes or SOFR-Linked Notes, respectively, in calculating, adjusting, converting, revising or discontinuing SONIA or SOFR, as the case may be. In addition, the administrator of each of SONIA or SOFR may withdraw, modify or amend the published SONIA or SOFR rate or other SONIA or SOFR data, respectively, in its sole discretion and without notice.

***The SONIA Compounded Index or SOFR Index may be modified or discontinued, which could adversely affect the value and market price of any Notes referencing Compounded Daily SONIA or Compounded Daily SOFR where Index Determination is specified as being applicable in the applicable Pricing Supplement***

The SONIA Compounded Index and the SOFR Index are published by The Bank of England and the FRBNY, respectively, based on data received by them from sources other than the Issuer, and the Issuer has no control over their methods of calculation, publication schedule, rate revision practices or the availability of the SONIA Compounded Index or the SOFR Index at any time. There can be no guarantee, particularly given its relatively recent introduction, that the SONIA Compounded Index or the SOFR Index will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in any Notes referencing Compounded Daily SONIA or Compounded Daily SOFR where Index Determination is applicable. If the manner in which the SONIA Compounded Index or the SOFR Index is calculated, including the manner in which SONIA or SOFR, respectively, is calculated, is changed, that change may result in a reduction in the amount of interest payable on any Notes referencing Compounded Daily SONIA or Compounded Daily SOFR where Index Determination is applicable and the trading prices of such Notes. In addition, the Bank of England or the FRBNY may withdraw, modify or amend the published SONIA Compounded Index or SOFR Index, respectively, or other SONIA or SOFR data in its sole discretion and without notice. The interest rate for any Interest Period will not be adjusted for any modifications or amendments to the SONIA Compounded Index or the SOFR Index or other SONIA or SOFR data that the Bank of England or the FRBNY may publish after the interest rate for that Interest Period has been determined.

***The occurrence of a SOFR Benchmark Transition Event may adversely affect the return on and the market value of SOFR-Linked Notes***

Investors should be aware that in the case of SOFR-Linked Notes, the terms and conditions of the Notes provide for certain fallback arrangements in the event that SOFR ceases to exist or be published or another Benchmark Transition Event occurs and these fallback arrangements include the possibility that the Rate of Interest could be determined, without any separate consent or approval of the Noteholders, by reference to a SOFR Benchmark Replacement and that a SOFR Benchmark Replacement Adjustment may be applied to such SOFR Benchmark Replacement. Certain amendments to the terms and conditions of such Notes may also be made without the consent or approval of holders of the relevant Notes.

In the case of any SOFR Benchmark Replacement, SOFR Benchmark Replacement Adjustment and related amendments, the relevant replacement and adjustment (if any) and any such amendments shall be determined by the SOFR Benchmark Replacement Agent. Any SOFR Benchmark Replacement Adjustment that is applied may not be effective to reduce or eliminate economic prejudice to investors. The use of a SOFR Benchmark Replacement (including the application of SOFR Benchmark Replacement Adjustment) will still result in any SOFR-Linked Notes performing differently (which may include payment of a lower Rate of Interest) than they would if SOFR were to continue to apply in its current form.

If the Issuer or an affiliate of the Issuer is appointed as SOFR Benchmark Replacement Agent, then depending on the circumstances in which any such discretion is required to be exercised, such exercise could present the Issuer or such affiliate with a conflict of interest.

Any such consequences could have a material adverse effect on the value, market price or liquidity of and return on any such Notes. Moreover, any of the above matters or any other significant change to the setting or existence of SOFR or any other relevant reference rate could affect the ability of the Issuer to meet its obligations under the relevant SOFR-Linked Notes and could also have a material adverse effect on the

value, market price or liquidity of, and the amount payable under, such Notes. Investors should consider these matters when making their investment decision with respect to any SOFR-Linked Notes.

## **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 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 and the exercise and effect of any Spanish Bail-In Power by the Relevant Spanish Resolution Authority and any non-contractual obligations arising therefrom) are based on English law and Spanish law, as applicable, 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/or 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 regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances. Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK-registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre- 2021 ratings, provided the relevant conditions are satisfied.

If the status of the rating agency rating the Notes changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment. This may result in relevant 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 2019 to the date of this Information Memorandum were the following:

#### 2021 to date

##### *Voluntary takeover bid for the entire share capital of Garanti BBVA*

On 15th November, 2021, BBVA announced its voluntary takeover bid for the 2,106,300,000 shares<sup>1</sup> of Garanti BBVA not controlled by BBVA, representing 50.15 per cent. of Garanti BBVA's total share capital. BBVA submitted for authorisation an application for the voluntary takeover bid to the CMB on 18th November, 2021.

The consideration offered by BBVA to Garanti BBVA's shareholders is 12.20 Turkish Liras in cash for each share. The maximum amount payable by BBVA will be TL 25,697 million (equivalent to approximately €2,249 million at an exchange rate of TL 11.43 per euro as of 12th November, 2021) assuming all of Garanti BBVA's shareholders sell their shares. BBVA will pay this consideration with its current shareholder's funds. BBVA reserves the right to reduce or otherwise modify the voluntary takeover bid price by an amount equal to the gross amount of the distribution per share, if Garanti BBVA declares or distributes dividends, reserves or any other kind of distribution to its shareholders at any time from the date of the announcement of 15th November, 2021 until the day of completion of the voluntary takeover bid. BBVA may cancel the takeover bid at any time before the commencement of the acceptance period.

The acquisition by BBVA of more than 50 per cent. of Garanti BBVA's total share capital is subject to the prior approval of several authorities, both in Turkey and in other jurisdictions. BBVA will disclose to the market when all relevant authorisations are obtained. BBVA has received confirmation from the CMB that it will not formally approve the voluntary takeover bid application until the CMB receives confirmation from

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<sup>1</sup> All references to "shares" or "share" in the case of Garanti BBVA shall be deemed to be made in respect of lots of 100 shares, which is the trading unit at Borsa Istanbul.

BBVA that all relevant approvals required by BBVA have been duly obtained. Only after approval by the CMB of the voluntary takeover bid application will the voluntary takeover bid period begin.

At the time of the announcement of the voluntary takeover bid, it was stated that the estimated impact of the takeover bid would depend on the percentage of Garanti BBVA's in respect of which the offer is accepted. BBVA estimated the maximum impact of the voluntary takeover bid of minus 46 basis points in its CET1 fully loaded ratio, a 13.7 per cent. accretion to its 2022 earnings per share<sup>2</sup> and an approximately 2.3 per cent. accretion to its book value per share<sup>3</sup> (all the above assuming that all Garanti BBVA shareholders accept the offer).

## 2020

In 2020, there were no significant capital expenditures.

## 2019

In 2019, 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 2019 to the date of this Information Memorandum were the following:

### 2021 to date

#### *Sale of BBVA's U.S. Bancshares, Inc to PNC Financial Service Group*

On 1st June, 2021, after obtaining all the required authorisations, BBVA completed the sale to The PNC Financial Services Group, Inc. (**PNC**) of 100 per cent. of the capital stock of its subsidiary BBVA USA Bancshares, which in turn owns all the capital stock of the bank, BBVA USA (the **USA Sale**).

The consideration received in cash by BBVA, as a consequence of this sale, amounts to approximately U.S.\$11,500 million (equivalent to approximately €9,600 million), which corresponds to the purchase price provided in the share purchase agreement minus the agreed closing price adjustments.

The accounting of both the results generated by BBVA USA Bancshares since the announcement of the transaction and of its closing, have had an aggregate positive impact on the Group's CET1 (fully loaded) ratio of approximately 294 basis points, which includes the generation of capital contributed by BBVA USA Bancshares to the Group until the closing of the transaction (1st June, 2021) and a profit net of taxes of €582 million. Accordingly, the Group has been reflecting the results that BBVA USA Bancshares has been generating on the Group's CET1 (fully loaded) ratio. The calculation of the impact on CET1 has been made taking into account the amount of the transaction in euros and the Group's condensed interim consolidated financial statements as of June 2021.

The Group continues to develop the institutional and wholesale business in the United States that it currently carries out through its broker dealer BBVA Securities Inc and its branch in New York. BBVA will also maintain its investment activity in the fintech sector through its participation in Propel Venture Partners US Fund I, L.P. (**Propel Venture Partners**).

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<sup>2</sup> The determination of the impact on earnings per share for 2022 was made after taking into consideration the Bloomberg consensus estimates for Garanti of net income amounting to 14,276 million Turkish Lira and for BBVA the company gathered consensus estimates of net income amounting to €4,052 million. The exchange rate applied was 12.91 Turkish Lira per euro as per the average of the foreign exchange currency forward curve for 2022 as of 12th November, 2021.

<sup>3</sup> The determination of the impact on CET1 and tangible book value per share was made after taking into consideration the group's financial statements as of 30th September, 2021 and an exchange rate of 11.43 Turkish Lira per Euro. The amount of the impact on CET1 and tangible book value per share will vary from the date of the announcement of 15th November, 2021 up to the date of closing of the voluntary takeover bid due to, among other things, changes in the book value of the Company and changes in the Euro/Turkish Lira exchange rate.

### ***Sale of the Group's stake in Paraguay***

On 22nd January 2021, and once the mandatory authorisations were obtained, BBVA completed the sale of its direct and indirect shareholding of 100 per cent. of the capital stock of Banco Bilbao Vizcaya Argentaria Paraguay, S.A. to Banco GNB Paraguay S.A., a subsidiary of the Gilinski Group. The total amount received by BBVA amounts to approximately U.S.\$250 million (approximately €210 million). The transaction has generated a capital loss net of taxes of approximately €9 million. Likewise, this transaction had a positive impact on the CET1 (fully loaded) of the Group of approximately 6 basis points, which is reflected in the capital base of the Group as of June 2021.

## **2020**

### ***Agreement for the creation of a joint venture and transfer of the non-life insurance business in Spain***

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 non-life insurance products, excluding the health insurance business, through BBVA's branch network in Spain.

On 14th December, 2020, after obtaining the relevant regulatory approvals from the competent authorities, BBVA Seguros, S.A. de Seguros y Reaseguros (**BBVA Seguros**) transferred to Allianz, Compañía de Seguros y Reaseguros, S.A., 50 per cent. of the share capital plus one share in BBVA Allianz Seguros y Reaseguros, S.A. (**BBVA Seguros Generales**). BBVA Seguros received a cash payment of €274 million. Prior to that, BBVA transferred its non-life insurance business in Spain, excluding the health insurance business, to BBVA Seguros Generales.

Allianz, Compañía de Seguros y Reaseguros, S.A. may need to make an additional payment to BBVA of up to €100 million if certain business goals and milestones are met. This transaction has resulted in a profit net of taxes of €304 million and has increased the Group's CET1 (fully loaded) ratio by 7 basis points as of 31st December, 2020.

## **2019**

In 2019, there were no significant capital divestitures.

## **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. In 2020, the number of digital and mobile customers and the volume of digital sales of the Group continued to increase.

### **Standards and interpretations that became effective in 2020**

#### ***IFRS 16 –Leases – COVID-19 modifications***

On 28th May, 2020, the International Accounting Standards Board (IASB) approved an amendment to IFRS 16 which provides an optional exemption for lessees from assessing whether rent concessions that occur due to COVID-19 (including payment holidays and deferrals of lease payments for a period of time, in each case in connection with payments due on or before 30th June, 2020) are lease modifications.

This amendment was effective from 1st June, 2020 and has been endorsed by the European Union. The amendment, which has been applied by the Group, has had no significant impact on the consolidated financial statements of the Group.

### ***IAS 12 – “Income Taxes” Amendment***

As part of the annual improvements to IFRS standards (2015-2017 cycle), IAS 12 “Income Taxes” was amended for annual reporting periods beginning on or after 1st January, 2019. According to the amended standard, an entity shall recognise the income tax consequences of payments of dividends in profit or loss, other comprehensive income or equity, depending on where the entity recognised the originating transaction or event that generated the distributable profits giving rise to the dividend. In accordance with the amended standard, BBVA recorded the income tax consequences of dividends paid for the year ended 31st December, 2019 (amounting to €91 million of income) under “Tax expense or income related to profit or loss from continuing operations” in the Group’s consolidated income statement (see Note 19 to the Consolidated Financial Statements). Such income tax consequences were recorded under “Total equity” in the Group’s consolidated balance sheet in previous periods. In order to make the financial information for prior years comparable with the financial information for 2019, the financial information for 2018 was restated retrospectively in this regard. The application of the amended standard resulted in an increase by €76 million in the Group’s “Profit attributable to parent company” for 2018 (an increase of 1.4 per cent. in the “Profit attributable to parent company” for 2018). The new standard had no significant impact on the Group’s consolidated total equity.

### ***Hyperinflationary economies***

Considering the interpretation issued by the International Financial Reporting Interpretations Committee (IFRIC) in its “IFRIC Update” of March 2020 on IAS 29 “Financial information in hyperinflationary economies”, the Group made an accounting policy change which involves recording the differences generated when translating the restated financial statements of the subsidiaries in hyperinflationary economies into euros in the line item “Accumulated other comprehensive income – Items that may be reclassified to profit or loss – Foreign currency translation” in the Group’s consolidated balance sheet. In order to make the information as of 31st December, 2019 and 2018 comparable with information as of 31st December, 2020, the information as of 31st December, 2019 and 2018 has been restated by reclassifying €2,985 million and €2,987 million, respectively, from “Shareholders’ funds – Retained earnings” and €6 million and €20 million, respectively, from “Shareholders’ funds – Other reserves” to “Accumulated other comprehensive income – Items that may be reclassified to profit or loss – Foreign currency translation” and “Accumulated other comprehensive income (loss) – Items that may be reclassified to profit or loss – Share of other recognized income and expense of investments in joint ventures and associates” as of 31st December, 2019 and 2018, respectively.

The reclassification has been recorded as “Effect of changes in accounting policies” under the balance as of 1st January, 2020 and 2019 in the consolidated statement of changes in equity for the years ended 31st December, 2019 and 2018.

### ***IFRS 9 – Collection of interest on impaired financial assets***

As a consequence of the application of the interpretation issued by the IFRIC in its “IFRIC Update” of March 2019 regarding the collection of interest on impaired financial assets under IFRS 9, such collections are presented since 2020 as reductions in credit-related write-offs whereas previously they were included as interest income. In order to make the information for the years ended 31st December, 2019 and 2018 comparable with the information for the year ended 31st December, 2020, the consolidated income statement for the year ended 31st December, 2019 has been restated by recognising a €78 million reduction in the heading “Interest and other income” and a €78 million increase in the heading “Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss or net gains by modification” (€80 million reduction in the heading “Interest and other income” and a €80 million increase in the heading “Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss or

net gains by modification” for the year ended 31st December, 2018). This reclassification has had no impact on the profit for the years ended 31st December, 2019 and 2018 or on the consolidated total equity as of 31st December, 2019 and 2018.

## Operating Segments

During the first quarter of 2021, the reporting structure of the Group’s operating segments changed compared with that presented as of 31st December, 2020 in the Form 20-F, mainly as a consequence of the elimination of the United States operating segment as a result of the USA Sale, which was completed on 1st June, 2021. In addition, BBVA has created a new segment entitled “Rest of Business” which includes the business previously included in its “Rest of Eurasia” segment (which has been eliminated) and the Group’s remaining business in the United States (which was excluded from the scope of the USA Sale), except for the Group’s stake in the venture capital fund Propel Venture Partners (which has been reallocated to the Group’s Corporate Center).

Set forth below are the Group’s current five operating segments:

- Spain;
- Mexico;
- Turkey;
- South America; and
- Rest of Business.

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; certain proprietary portfolios; certain tax assets and liabilities; certain provisions related to commitments with employees; and goodwill and other intangibles, as well as the financing of such asset portfolios. It also includes the results of the participation in the venture capital fund Propel Venture Partners.

The calculation for constant currency amounts and percentages has been performed by applying current period exchange rates to the prior periods as stated and published in the Management Report.

The breakdown of the Group’s total assets by each of BBVA’s operating segments and the Corporate Center as of 30th June, 2021, and 31st December, 2020 and 2019 is as follows:

	As of 30th June,	As of 31st December,	
Total Assets by Operating Segment	2021	2020	2019
	(in millions of euros)		
Spain	399,180	410,409	369,943
Mexico	114,501	110,236	109,087
Turkey	59,243	59,585	64,416
South America	53,343	55,436	54,996
Rest of Business	34,364	35,172	32,891
<b>Subtotal Assets by Operating Segment</b>	<b>660,631</b>	<b>670,839</b>	<b>631,334</b>
Corporate Center and adjustments <sup>(1)</sup>	(12,462)	65,336	66,403
<b>Total Assets Group</b>	<b>648,169</b>	<b>736,176</b>	<b>697,737</b>

(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, 2021 and 2020, and the years ended 31st December, 2020 and 2019:

	Profit/(Loss) Attributable to Parent Company				% of Profit/(Loss) Attributable to Parent Company			
	30th June,		31st December,		30th June,		31st December,	
	2021	2020	2020	2019	2021	2020	2020	2019
	(in millions of euros)				(in percentage)			
Spain	745	108	652	1,436	28	8	18	26
Mexico	1,127	656	1,761	2,698	43	51	48	49
Turkey	384	266	563	506	15	21	15	9
South America	218	159	446	721	8	12	12	13
Rest of Business	145	109	222	184	6	8	6	3
<b>Subtotal operating segments</b>	<b>2,619</b>	<b>1,298</b>	<b>3,644</b>	<b>5,544</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
Corporate Center	(708)	(2,454)	(2,339)	(2,032)				
<b>Profit (loss) attributable to parent company</b>	<b><u>1,911</u></b>	<b><u>(1,157)</u></b>	<b><u>1,305</u></b>	<b><u>3,512</u></b>				

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, 2021 and 2020, and the years ended 31st December, 2020 and 2019:

	Spain	Mexico	Turkey	South America	Rest of Business	Corporate Center	Total
<b>June 2021</b>							
Net interest income	1,762	2,771	1,036	1,328	140	(82)	6,955
Gross income	3,057	3,604	1,571	1,480	400	147	10,259
Net margin before provisions <sup>(1)</sup>	1,557	2,337	1,073	797	173	(277)	5,661
Operating profit/(loss) before tax	1,013	1,605	953	424	184	(1,290)	2,889
<b>Profit/(loss) attributable to parent company</b>	<b>745</b>	<b>1,127</b>	<b>384</b>	<b>218</b>	<b>145</b>	<b>(708)</b>	<b>1,911</b>
<b>June 2020</b>							
Net interest income	1,801	2,717	1,534	1,443	145	(79)	7,561
Gross income	2,909	3,553	1,957	1,664	451	106	10,639
Net margin before provisions <sup>(1)</sup>	1,376	2,351	1,394	945	221	(307)	5,980
Operating profit/(loss) before tax	128	893	715	297	140	(416)	1,757
<b>Profit/(loss) attributable to parent company</b>	<b>108</b>	<b>656</b>	<b>266</b>	<b>159</b>	<b>109</b>	<b>(2,454)</b>	<b>(1,157)</b>
<b>December 2020</b>							
Net interest income	3,566	5,415	2,783	2,701	291	(164)	14,592
Gross income	5,567	7,025	3,573	3,225	839	(63)	20,166
Net margin before provisions <sup>(1)</sup>	2,528	4,680	2,544	1,853	372	(898)	11,079
Operating profit/(loss) before tax	823	2,475	1,522	896	280	(1,183)	4,813
<b>Profit/(loss) attributable to parent company</b>	<b>652</b>	<b>1,761</b>	<b>563</b>	<b>446</b>	<b>222</b>	<b>(2,339)</b>	<b>1,305</b>
<b>December 2019</b>							
Net interest income	3,585	6,209	2,814	3,196	236	(252)	15,789
Gross income	5,674	8,034	3,590	3,850	728	(353)	21,522
Net margin before provisions <sup>(1)</sup>	2,420	5,383	2,375	2,276	249	(1,336)	11,368
Operating profit/(loss) before tax	1,896	3,690	1,341	1,396	222	(1,499)	7,046
<b>Profit/(loss) attributable to parent company</b>	<b>1,436</b>	<b>2,698</b>	<b>506</b>	<b>721</b>	<b>184</b>	<b>(2,032)</b>	<b>3,512</b>

<sup>(1)</sup> Net margin before provisions" is calculated as "Gross income" less "Administration costs" and "Depreciation and Amortization".



The following tables set forth information relating to the balance sheet of BBVA's operating segments and the Corporate Center as of 30th June, 2021, and 31st December, 2020 and 2019 and adjustments as of 30th June, 2021 and 31st December, 2020 and 2019:

	As of 30th June, 2021					Total Operating Segments	Corporate Center and Adjustments <sup>(1)</sup>
	Spain	Mexico	Turkey	South America	Rest of Business		
	(in millions of euros)						
<b>Total Assets</b>	<b>399,180</b>	<b>114,501</b>	<b>59,243</b>	<b>53,343</b>	<b>34,364</b>	<b>660,631</b>	<b>(12,462)</b>
Cash, cash balances at central banks and other demand deposits	22,583	13,097	6,657	7,128	4,013	53,477	8,210
Financial assets designated at fair value <sup>(2)</sup>	140,122	34,697	5,154	7,266	2,428	189,667	(4,109)
Financial assets at amortized cost	198,928	61,847	45,508	36,356	27,436	370,076	(2,050)
Loans and advances to customers	169,948	52,874	36,911	32,635	24,241	316,608	(856)
<b>Total Liabilities</b>	<b>386,003</b>	<b>107,285</b>	<b>53,132</b>	<b>48,888</b>	<b>30,915</b>	<b>626,223</b>	<b>(27,998)</b>
Financial liabilities held for trading and designated at fair value through profit or loss	71,093	22,388	1,970	1,177	1,804	98,431	(5,758)
Financial liabilities at amortized cost – Customer deposits	200,197	58,728	39,858	35,236	6,873	340,893	(2,098)
<b>Total Equity</b>	<b>13,177</b>	<b>7,215</b>	<b>6,111</b>	<b>4,456</b>	<b>3,449</b>	<b>34,408</b>	<b>15,536</b>
<b>Assets under management</b>	<b>66,399</b>	<b>24,752</b>	<b>3,935</b>	<b>13,961</b>	<b>550</b>	<b>109,597</b>	

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

(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, 2020							
	Spain	Mexico	Turkey	South America	Rest of Business	Total Operating Segments	Corporate Center and Adjustments <sup>(1)</sup>
(in millions of euros)							
<b>Total Assets</b>	<b>410,409</b>	<b>110,236</b>	<b>59,585</b>	<b>55,436</b>	<b>35,172</b>	<b>670,839</b>	<b>65,336</b>
Cash, cash balances at central banks and other demand deposits	38,356	9,161	5,477	7,127	6,121	66,243	(723)
Financial assets designated at fair value <sup>(2)</sup>	137,969	36,360	5,332	7,329	1,470	188,459	(4,447)
Financial assets at amortized cost	198,173	59,819	46,705	38,549	27,213	370,460	(2,792)
Loans and advances to customers	167,998	50,002	37,295	33,615	24,015	312,926	(1,779)
<i>Of which:</i>							
Residential mortgages	71,530	9,890	2,349	6,252	1,436	91,457	
Consumer finance	11,820	7,025	5,626	6,773	497	31,740	
Loans	5,859	1,629	630	974	183	9,274	
Credit cards	2,087	4,682	3,259	2,008	7	12,043	
Loans to enterprises	61,748	22,549	24,597	16,392	21,121	146,408	
Loans to public sector	12,468	4,670	178	1,319	794	19,429	
<b>Total Liabilities</b>	<b>397,103</b>	<b>103,529</b>	<b>53,415</b>	<b>50,660</b>	<b>32,133</b>	<b>636,841</b>	<b>49,315</b>
Financial liabilities held for trading and designated at fair value through profit or loss	73,921	23,801	2,336	1,326	849	102,233	(5,695)
Financial liabilities at amortized cost – Customer deposits	206,428	54,052	39,353	36,874	9,333	346,040	(3,379)
<i>Of which:</i>							
Demand and savings deposits	174,789	43,483	20,075	25,832	3,657	267,837	
Time deposits	31,019	10,444	19,270	11,042	5,676	77,452	
<b>Total Equity</b>	<b>13,306</b>	<b>6,707</b>	<b>6,170</b>	<b>4,776</b>	<b>3,039</b>	<b>33,999</b>	<b>16,021</b>
<b>Assets under management</b>	<b>62,707</b>	<b>22,524</b>	<b>3,425</b>	<b>13,722</b>	<b>569</b>	<b>102,947</b>	
Mutual funds	38,434	20,660	1,087	4,687	-	64,869	
Pension funds	24,273	-	2,337	9,035	569	36,215	
Other placements	-	1,863	-	-	-	1,863	

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

(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	Mexico	Turkey	South America	Rest of Business	Total Operating Segments	Corporate Center and Adjustments <sup>(1)</sup>
(in millions of euros)							
<b>Total Assets</b>	<b>369,943</b>	<b>109,087</b>	<b>64,416</b>	<b>54,996</b>	<b>32,891</b>	<b>631,334</b>	<b>66,403</b>
Cash, cash balances at central banks and other demand deposits	15,898	6,492	5,486	8,601	2,853	39,330	4,973
Financial assets designated at fair value <sup>(2)</sup>	121,890	31,402	5,268	6,120	796	165,476	4,213
Financial assets at amortized cost	195,258	66,180	51,285	37,869	28,881	379,473	59,688
Loans and advances to customers	167,332	58,081	40,500	35,701	26,143	327,757	54,603
<i>Of which:</i>							
Residential mortgages	73,871	10,786	2,928	7,168	1,624	96,377	
Consumer finance	11,390	8,683	5,603	7,573	453	33,703	
Loans	5,586	1,802	635	1,074	195	9,293	
Credit cards	2,213	5,748	3,837	2,239	8	14,046	
Loans to enterprises	57,194	24,778	26,552	16,251	23,089	147,864	
Loans to public sector	13,886	6,819	107	1,368	724	22,904	
<b>Total Liabilities</b>	<b>356,944</b>	<b>101,980</b>	<b>57,584</b>	<b>49,596</b>	<b>29,947</b>	<b>596,052</b>	<b>46,759</b>
Financial liabilities held for trading and designated at fair value through profit or loss	77,731	21,784	2,184	1,860	220	103,779	(5,089)
Financial liabilities at amortized cost – Customer deposits	182,370	55,934	41,335	36,104	8,603	324,346	59,873
<i>Of which:</i>							
Demand and savings deposits	150,917	43,015	15,737	22,665	3,577	235,911	
Time deposits	31,453	12,395	25,587	13,439	5,027	87,901	
<b>Total Equity</b>	<b>12,999</b>	<b>7,107</b>	<b>6,832</b>	<b>5,400</b>	<b>2,944</b>	<b>35,281</b>	<b>19,644</b>
<b>Assets under management</b>	<b>66,068</b>	<b>24,464</b>	<b>3,906</b>	<b>12,864</b>	<b>500</b>	<b>107,803</b>	
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) Includes balance sheet intra-group adjustments between the Corporate Center and the operating segments.

(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

This 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 SMEs, companies and corporations and public institutions;
- **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) as well as the Group's shareholding in the bancassurance joint venture with Allianz, Compañía de Seguros y Reaseguros, S.A. (see "*—History and Development of the Issuer—Capital Divestitures—2020*"), the Asset Management unit (which manages Spanish mutual funds and pension funds), lending to real estate developers and foreclosed real estate assets in Spain, 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.

Cash, cash balances at central banks and other demand deposits amounted to €38,356 million as of 31st December, 2020 compared with the €15,898 million recorded as of 31st December, 2019, mainly due to an increase in cash held at the Bank of Spain, with a view to reinforcing the Group's cash position in light of the COVID-19 pandemic.

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") amounted to €137,969 million as of 31st December, 2020, a 13.2 per cent. increase from the €121,890 million recorded as of 31st December, 2019, mainly as a result of the increase in trading derivatives recorded under "Financial assets held for trading" due to the positive impact of changes in exchange rates on foreign currency positions and the increase in sovereign debt securities recorded under the "Financial assets at fair value through other comprehensive income".

Financial assets at amortised cost of this operating segment as of 31st December, 2020 amounted to €198,173 million, a 1.5 per cent. increase compared with the €195,258 million recorded as of 31st December, 2019. Within this heading, loans and advances to customers amounted to €167,998 million as of 31st December, 2020, an increase of 0.4 per cent. from the €167,332 million recorded as of 31st December, 2019, mainly as a result of the increase in SMEs and corporate banking credit on the back of the measures implemented by the Spanish government in light of the COVID-19 pandemic, and increased drawdowns under credit facilities especially in the first quarter, partially offset by the decrease in mortgage loans.

Financial liabilities held for trading and designated at fair value through profit or loss of this operating segment as of 31st December, 2020 amounted to €73,921 million, a 4.9 per cent. decrease compared with the €77,731 million recorded as of 31st December, 2019, mainly due to a decrease in deposits from credit institutions, partially offset by the positive impact of changes in exchange rate derivatives on foreign currency positions.

Customer deposits at amortised cost of this operating segment as of 31st December, 2020 amounted to €206,428 million, a 13.2 per cent. increase compared with the €182,370 million recorded as of 31st December, 2019 mainly due to the increase in demand deposits within the retail portfolio, as a result of the shift from consumption to savings due to the COVID-19 pandemic.

Off-balance sheet funds of this operating segment (which includes “Mutual funds” and “Pension funds”) as of 31st December, 2020 amounted to €62,707 million, a 5.1 per cent. decrease compared with the €66,068 million as of 31st December, 2019, mainly due to the increased volatility and decline in market prices during the period and the resulting shift towards deposits.

This operating segment’s NPL ratio decreased to 4.3 per cent. as of 31st December, 2020, from 4.4 per cent. as of 31st December, 2019, mainly as a result of the increase in retail, SMEs and corporate banking credit facilities on the back of the measures implemented by the Spanish government in light of the COVID-19 pandemic, as well as the temporary moratoria and other relief measures adopted to address the effects thereof. This operating segment’s non-performing loan coverage ratio increased to 67 per cent. as of 31st December, 2020 from 60 per cent. as of 31st December, 2019, as a result mainly of higher loss allowances made in response to the COVID-19 pandemic.

The most relevant aspects related to this operating segment during the first six months of 2021 were that loans and advances to customers amounted to €169,948 million as of 30th June, 2021, a further 1.2 per cent. increase from the €167,998 million recorded as of 31st December, 2020, mainly as a result of the increase in credit cards loans, consumer loans, institutional loans and, to a lesser extent, retail loans.

Customer deposits at amortized cost of this operating segment as of 30th June, 2021 amounted to €200,197 million, a 3.0 per cent. decrease compared with the €206,428 million recorded as of 31st December, 2020 mainly due to the decrease in time deposits within the retail portfolio, as a result of increased consumption during the first half of 2021, after the shift from consumption to savings during 2020.

This operating segment’s non-performing loan ratio decreased to 4.2 per cent. as of 30th June, 2021 from 4.3 per cent. as of 31st December, 2020, mainly as a result of the increase in institutional loans and the decrease in impaired loans as a result in part of write-offs totalling €343 million in the six months ended 30th June, 2021. This operating segment’s non-performing loan coverage ratio decreased to 64 per cent. as of 30th June, 2021 from 67 per cent. as of 31st December, 2020.

## ***Mexico***

The Mexico operating segment includes the banking and insurance businesses conducted in Mexico by BBVA Mexico. It also includes BBVA Mexico’s branch in Houston.

The Mexican peso depreciated 13.1 per cent. against the euro as of 31st December, 2020 compared with 31st December, 2019, adversely affecting the business activity of the Mexico operating segment as of 31st December, 2020 expressed in euro.

Cash, cash balances at central banks and other demand deposits amounted to €9,161 million as of 31st December, 2020 compared with the €6,492 million recorded as of 31st December, 2019, mainly due to an increase in cash and cash equivalents held at *Banco de México* (the Mexican Central Bank), with a view to reinforcing the Group’s cash position in light of the COVID-19 pandemic, offset in part by the depreciation of the Mexican peso against the 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, 2020 amounted to €36,360 million, a 15.8 per cent. increase from the €31,402 million recorded as of 31st December, 2019, mainly due to an increase in sovereign debt securities, offset in part by the depreciation of the Mexican peso against the euro.

Financial assets at amortised cost of this operating segment as of 31st December, 2020 amounted to €59,819 million, a 9.6 per cent. decrease compared with the €66,180 million recorded as of 31st December, 2019. Within this heading, loans and advances to customers of this operating segment as of 31st December, 2020 amounted to €50,002 million, a 13.9 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 corporate loans and retail portfolios (mainly residential mortgages and consumer finance), due to the adverse effect of the COVID-19 pandemic. These effects were partially offset by the partial recovery of mortgage loans in the second half of 2020.

Financial liabilities held for trading and designated at fair value through profit or loss of this operating segment as of 31st December, 2020 amounted to €23,801 million, a 9.3 per cent. increase compared with the €21,784 million recorded as of 31st December, 2019, mainly as a result of increases in government agency debt securities, offset in part by the depreciation of the Mexican peso against the euro.

Customer deposits at amortised cost of this operating segment as of 31st December, 2020 amounted to €54,052 million, a 3.4 per cent. decrease compared with the €55,934 million recorded as of 31st December, 2019, primarily due to the depreciation of the Mexican peso against the euro.

Off-balance sheet funds of this operating segment (which includes “Mutual funds” and “Other placements”) as of 31st December, 2020 amounted to €22,524 million, a 7.9 per cent. decrease compared with the €24,464 million as of 31st December, 2019, mainly as a result of the depreciation of the Mexican peso against the euro, partially offset by the shift towards higher profitability investments such as private banking.

This operating segment’s NPL ratio increased to 3.3 per cent. as of 31st December, 2020 from 2.4 per cent. as of 31st December, 2019, mainly due to the increase in NPLs from the retail portfolio during the fourth quarter of 2020, following the lifting of the moratoria measures adopted in response to the COVID-19 pandemic. This operating segment’s non-performing loan coverage ratio decreased to 122 per cent. as of 31st December, 2020 from 136 per cent. as of 31st December, 2019.

The most important developments in relation to activity in this operating segment during the first six months of 2021 were that loans and advances to customers of this operating segment as of 30th June, 2021 amounted to €52,874 million, a 5.7 per cent. increase compared with the €50,002 million recorded as of 31st December, 2020, mainly as a result of the positive performance of the retail portfolio, with increases in mortgage and consumer loans, and to a lesser extent, credit card loans, due mainly to the improvement of the Mexican economy, the slight increase in corporate loans within the wholesale portfolio and, to a lesser extent, the appreciation of the Mexican peso against the euro.

Customer deposits at amortized cost of this operating segment as of 30th June, 2021 amounted to €58,728 million, an 8.7 per cent. increase compared with the €54,052 million recorded as of 31st December, 2020, primarily due to increases in demand deposits in particular in the retail portfolio during the first half of 2021, as a result of the customers’ preference of holding liquid assets within an uncertain environment in response to the COVID-19 pandemic, and the appreciation of the Mexican peso against the euro.

This operating segment’s non-performing loan ratio decreased to 3.1 per cent. as of 30th June, 2021 from 3.3 per cent. as of 31st December, 2020, mainly due to higher write-offs and recoveries in the retail portfolio partially offset by a significant entry in the wholesale portfolio. This operating segment’s non-performing loan coverage ratio decreased to 118 per cent. as of 30th June, 2021 from 122 per cent. as of 31st December, 2020.

## ***Turkey***

This operating segment comprises the activities carried out by Garanti BBVA as an integrated financial services group operating in every segment of the banking sector in Turkey, 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 26.7 per cent. against the euro as of 31st December, 2020 compared to 31st December, 2019, adversely affecting the business activity of the Turkey operating segment as of 31st December, 2020 expressed in euros.

Cash, cash balances at central banks and other demand deposits amounted to €5,477 million as of 31st December, 2020, a 0.2 per cent. decrease compared with the €5,486 million recorded as of 31st December, 2019, mainly due to the depreciation of the Turkish lira against the euro. At constant exchange rates, there was an increase in cash, cash balances at central banks and other demand deposits as a result of the increase in cash and cash equivalents held at the Central Bank of the Republic of Turkey, with a view to reinforcing the Group's cash position in light of the COVID-19 pandemic.

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, 2020 amounted to €5,332 million, a 1.2 per cent. increase from the €5,268 million recorded as of 31st December, 2019, mainly as a result of the increase in Turkish lira-denominated corporate banking loans as a result of the recently launched CGF (Credit Guarantee Fund), which is intended to support SMEs and entrepreneurs and pursuant to which loans are provided with Turkish Treasury-backed credit guarantees, partially offset by the depreciation of the Turkish lira against the euro.

Financial assets at amortised cost of this operating segment as of 31st December, 2020 amounted to €46,705 million, an 8.9 per cent. decrease compared with the €51,285 million recorded as of 31st December, 2019. Within this heading, loans and advances to customers of this operating segment as of 31st December, 2020 amounted to €37,295 million, a 7.9 per cent. decrease compared with the €40,500 million recorded as of 31st December, 2019, mainly due to the depreciation of the Turkish lira, against the euro, offset, in part by the increase (in local currency) in loans denominated in Turkish lira and increases in the commercial portfolio and in consumer loans (supported by the General Purpose Loans programme adopted by the Turkish government, which intends to mitigate the effects of the COVID-19 pandemic).

Financial liabilities held for trading and designated at fair value through profit or loss of this operating segment as of 31st December, 2020 amounted to €2,336 million, a 7 per cent. increase compared with the €2,184 million recorded as of 31st December, 2019, mainly due to the increase in derivatives within the trading portfolio, partially offset by the depreciation of the Turkish lira.

Customer deposits at amortised cost of this operating segment as of 31st December, 2020 amounted to €39,353 million, a 4.8 per cent. decrease compared with the €41,335 million recorded as of 31st December, 2019, mainly due to the depreciation of the Turkish lira against the euro, partially offset by the increase in demand deposits and increasing demand for gold deposits.

Off-balance sheet funds of this operating segment (which includes "Mutual funds" and "Pension funds") as of 31st December, 2020 amounted to €3,425 million, a 12.3 per cent. decrease compared with the €3,906 million as of 31st December, 2019 mainly due to the depreciation of the Turkish lira against the euro, partially offset by increases in pension funds (in local currency).

The NPL ratio of this operating segment decreased to 6.6 per cent. as of 31st December, 2020 from 7 per cent. as of 31st December, 2019 as a result of the increase in loans denominated in Turkish lira, increases in the commercial portfolio and in consumer loans (in local currency) and, to a lesser extent, increases in write offs in the fourth quarter of 2020. This operating segment's NPL coverage ratio increased to 80 per cent. as of 31st December, 2020, from 75 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 in the commercial portfolio.

The most relevant aspects related to this operating segment's activity during the first six months of 2021 were that loans and advances to customers of this operating segment as of 30th June, 2021 amounted to

€36,911 million, a 1.0 per cent. decrease compared with the €37,295 million recorded as of 31st December, 2020, mainly due to the depreciation of the Turkish lira against the euro, partially offset by increases (in local currency) in Turkish lira-denominated consumer loans (supported by the General Purpose Loans programme adopted by the Turkish government, which intends to mitigate the effects of the COVID-19 pandemic) and, to a lesser extent, increases (in local currency) in credit card loans and mortgage loans.

Customer deposits at amortized cost of this operating segment as of 30th June, 2021 amounted to €39,858 million, a 1.3 per cent. increase compared with the €39,353 million recorded as of 31st December, 2020, mainly due to the increase in demand deposits denominated in Turkish lira, partially offset by the depreciation of the Turkish lira against the euro.

The non-performing loan ratio of this operating segment increased to 7.3 per cent. as of 30th June, 2021 from 6.6 per cent. as of 31st December, 2020, as a result of the change in staging of a large customer from the wholesale portfolio during the first quarter of 2021, which resulted in no additional loss allowance requirements. As a result thereof, this operating segment's non-performing loan coverage ratio decreased to 69 per cent. as of 30th June, 2021 from 80 per cent. as of 31st December, 2020.

### ***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, Peru, Uruguay and Venezuela.
- Insurance: includes insurance businesses in Argentina, Colombia and Venezuela.

The sale of BBVA Paraguay closed in January 2021. See “—*History and Development of the Company—Capital Divestitures—2019*” of the Form 20-F.

As of 31st December, 2020, the Argentine peso, the Colombian peso and the Peruvian sol depreciated against the euro compared to 31st December, 2019 by 34.8 per cent., 12.6 per cent. and 16.3 per cent., respectively. Changes in exchange rates have adversely affected the business activity of the South America operating segment as of 31st December, 2020 expressed in euros. As of and for the years ended 31st December, 2020 and 2019, 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, 2020 amounted to €7,329 million, a 19.7 per cent. increase compared with the €6,120 million recorded as of 31st December, 2019, attributable in part to the increase in the fair value of debt securities issued by the Peruvian government held by the segment and increases in purchases of debt securities issued by the Central Bank of the Argentine Republic (**BCRA**) in Argentina in connection to the COVID-19 pandemic and held by the segment. The increase was offset in part by the depreciation of the currencies of the main countries where the Group operates within this operating segment against the euro.

Financial assets at amortised cost of this operating segment as of 31st December, 2020 amounted to €38,549 million, a 1.8 per cent. increase compared with the €37,869 million recorded as of 31st December, 2019. Within this heading, loans and advances to customers of this operating segment as of 31st December, 2020 amounted to €33,615 million, a 5.8 per cent. decrease compared with the €35,701 million recorded as of 31st December, 2019, mainly as a result of the depreciation of the currencies of the main countries where the Group operates within this operating segment against the euro, partially offset by the increase in wholesale



loans, particularly in Peru (supported by the “Reactiva Plan” adopted in response to the COVID-19 pandemic), the increase in credit cards loans, in particular in Argentina, and increases in the retail portfolio (in each case, in local currency).

Customer deposits at amortised cost of this operating segment as of 31st December, 2020 amounted to €36,874 million, a 2.1 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 their 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, partially offset by the depreciation of the currencies of the main countries where the Group operates within this operating segment against the euro.

Off-balance sheet funds of this operating segment (which includes “Mutual funds” and “Pension funds”) as of 31st December, 2020 amounted to €13,722 million, a 6.7 per cent. increase compared with the €12,864 million as of 31st December, 2019, mainly due to the recovery in mutual funds, after the temporary outflow of resources due to market instability, during the second half of 2020, partially offset by the depreciation of the currencies of the main countries where the Group operates within this operating segment against the euro.

The NPL ratio of this operating segment as of 31st December, 2020 and 2019 stood at 4.4 per cent. The non-performing loan ratio as of 31st December, 2020 was positively affected by the temporary moratoria and other relief measures adopted to address the effects of the COVID-19 pandemic. This operating segment’s NPL coverage ratio increased to 110 per cent. as of 31st December, 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.

The most relevant aspects related to this operating segment during the first six months of 2021 were that loans and advances to customers of this operating segment as of 30th June, 2021 amounted to €32,635 million, a 2.9 per cent. decrease compared with the €33,615 million recorded as of 31st December, 2020, mainly as a result of the depreciation of the currencies of the main countries where the Group operates within the region against the euro. The decrease was partially offset by the increase in mortgage loans and consumer loans in Peru and the increase in the wholesale portfolio in Colombia and the increase in credit card loans in Argentina (in each case, in local currency).

Customer deposits at amortized cost of this operating segment as of 30th June, 2021 amounted to €35,236 million, a 4.4 per cent. decrease compared with the €36,874 million recorded as of 31st December, 2020, as a result of the depreciation of the currencies of the main countries where the Group operates within the region against the euro.

The non-performing loan ratio of this operating segment as of 30th June, 2021 and 31st December, 2020 stood at 4.7 per cent. and 4.4 per cent., respectively, mainly due to increases in impaired loans in the retail portfolio in Argentina and Colombia, and in the retail (SME loans segment) and corporate portfolios in Peru. This operating segment’s non-performing loan coverage ratio decreased to 108 per cent. as of 30th June, 2021, from 110 per cent. as of 31st December, 2020.

### ***Rest of Business***

This operating segment includes the wholesale activity carried out by the Group in Europe excluding Spain, and the United States through the New York branch, as well as the institutional business that the Group develops in the United States through its broker-dealer BBVA Securities Inc. It also includes the banking business developed through the five BBVA branches located in Asia (in Taipei, Tokyo, Hong Kong, Singapore and Shanghai).

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, 2020 amounted to €1,470 million, an 84.7 per cent. increase compared with the €796 million recorded as of 31st December, 2019, mainly due to increased activity of the New York branch, which led to an increase in “Financial assets held for trading”.

Financial assets at amortised cost of this operating segment as of 31st December, 2020 amounted to €27,213 million, a 5.8 per cent. decrease compared with the €28,881 million recorded as of 31st December, 2019. Within this heading, loans and advances to customers of this operating segment as of 31st December, 2020 amounted to €24,015 million, an 8.1 per cent. decrease compared with the €26,143 million recorded as of 31st December, 2019, mainly as a result of a reduction in loans to corporate clients.

Customer deposits at amortised cost of this operating segment as of 31st December, 2020 amounted to €9,333 million, an 8.5 per cent. increase compared with the €8,603 million recorded as of 31st December, 2019, mainly due to the increase in time deposits in the New York branch.

Pension funds in this operating segment as of 31st December, 2020 amounted to €569 million, a 13.8 per cent. increase compared with the €500 million recorded as of 31st December, 2019, mainly due to increased sales of a multi-strategic product launched in 2019.

The NPL ratio of this operating segment as of 31st December, 2020 decreased to 1 per cent. from 1.2 per cent. as of 31st December, 2019. This operating segment’s NPL coverage ratio increased to 109 per cent. as of 31st December, 2020, from 88 per cent. as of 31st December, 2019, mainly due to the high losses allowance made in response to the COVID-19 pandemic.

The most relevant aspects of the activity and results of this operating segment during the first six months of 2021 were that loans and advances to customers of this operating segment as of 30th June, 2021 amounted to €24,241 million, a 0.9 per cent. increase compared with the €24,015 million recorded as of 31st December, 2020.

Customer deposits at amortized cost of this operating segment as of 30th June, 2021 amounted to €6,873 million, a 26.4 per cent. decrease compared with the €9,333 million recorded as of 31st December, 2020. The decrease was mainly attributable to the decrease in deposits from wholesale customers at the New York branch. Customer deposits at amortized cost of this operating segment as of 31st December, 2020 were positively impacted by the customers’ preference of holding liquid assets in response to the COVID-19 pandemic, following the implementation of the Paycheck Protection Program, which led to an increase in deposits.

The non-performing loan ratio of this operating segment as of 30th June, 2021 and 31st December, 2020 stood at 1.0 per cent. New entries in Eurasia were offset by improved recovery in the New York Branch. This operating segment’s non-performing loan coverage ratio decreased to 95 per cent. as of 30th June, 2021, from 109 per cent. as of 31st December, 2020, mainly due to a decrease in stage 2 exposure requirements relating to the air transportation sector.

## **Organisational Structure**

The companies comprising the Group are principally domiciled in the following countries: Argentina, Bolivia, Chile, Colombia, France, Germany, Italy, Mexico, Netherlands, Peru, Portugal, Romania, Spain, Switzerland, Turkey, the UK, the United States of America and Uruguay. 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, 2020.

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	97,518
BBVA USA	THE UNITED STATES	Bank	100.00	100.00	76,128
GARANTI BBVA AS	TURKEY	Bank	49.85	49.85	52,319
BBVA PERU	PERU	Bank	92.24 <sup>(2)</sup>	46.12	23,891
BBVA SEGUROS S.A. DE SEGUROS Y REASEGUROS	SPAIN	Insurance	99.96	99.96	17,601
BBVA COLOMBIA S.A.	COLOMBIA	Bank	95.47	95.47	15,573
BANCO BBVA ARGENTINA S.A.	ARGENTINA	Bank	66.55	66.55	6,553
SEGUROS BBVA BANCOMER S.A. DE C.V., GRUPO FINANCIERO BBVA BANCOMER	MEXICO	Insurance	100.00	100.00	5,391
PENSIONES BBVA BANCOMER, S.A. DE C.V., GRUPO FINANCIERO BBVA BANCOMER	MEXICO	Insurance	100.00	100.00	4,815
GARANTIBANK BBVA INTERNATIONAL N.V.	THE NETHERLANDS	Bank	49.85	100.00	3,398

<sup>(1)</sup> Information for non-EU subsidiaries has been calculated using the prevailing exchange rates on 31st December, 2020.

<sup>(2)</sup> 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,	
	2021	2020	2020	2019
	(in millions of euros)			
Net interest income .....	10,708	11,115	14,592	15,789
Profit (loss) .....	4,046	631	2,060	4,345
Profit (loss) attributable to parent company .....	3,311	(15)	1,305	3,512

## Consolidated balance sheet data

	As of 30th September,	As at 31st December,	
	2021	2020	2019
	(in millions of euros)		
Total assets .....	651,834	736,176	697,737
Financial assets at amortized cost .....	370,217	367,668	439,162
Customers' deposits at amortized cost .....	340,828	342,661	384,219

Debt certificates .....	58,993	66,311	68,619
Non-controlling interests .....	5,628	5,471	6,201
Total equity.....	50,567	50,020	54,925

## 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 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, 13 of which are non-executive directors and two are executive directors.

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	Principal Business Activities and Employment History <sup>(*)</sup>
Carlos Torres Vila <sup>(1) (6)</sup>	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

<b>Name</b>	<b>Birth Year</b>	<b>Current Position</b>	<b>Date Nominated</b>	<b>Date Re-elected</b>	<b>Principal Business Activities and Employment History<sup>(*)</sup></b>
					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 <sup>(1)</sup>	1974	Chief Executive Officer	20th December, 2018	15th March, 2019	Chief Executive Officer of BBVA since December 2018. Director of 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 United States from January 2017 to December 2018. Deputy CEO at Garanti BBVA between 2015 and 2017 and Vice President for retail and private banking at Garanti BBVA between 2012 and 2015.
José Miguel Andrés Torrecillas <sup>(1)</sup> <sup>(2) (3) (8)</sup>	1955	Deputy Chair (Independent Director)	13th March, 2015	20th April 2021	Deputy Chair of the Board of Directors of BBVA since April 2019 and Chair 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 <sup>(1) (2) (5)</sup>	1952	Independent Director	16th March, 2018	20th April 2021	Chair of the Audit Committee since April 2019. Member of the Group of Thirty (G-30), Sponsor (patrono) of the Spanish Aspen Institute Foundation, President of the International Center for Monetary and Banking Studies' (ICMB) Foundation Board and Member of the China Banking and Insurance Regulatory Commission's (CBIRC) International Advisory Committee. 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

<b>Name</b>	<b>Birth Year</b>	<b>Current Position</b>	<b>Date Nominated</b>	<b>Date Re-elected</b>	<b>Principal Business Activities and Employment History<sup>(*)</sup></b>
					Department and Financial Counselor and General Manager at the International Monetary Fund (IMF), and between 2003 and 2006, he was Chairman of the Basel Committee on Banking Supervision.
Raúl Catarino Galamba de Oliveira <sup>(5) (6)</sup>	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 to 2011, member of the 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 <sup>(2) (3) (4)</sup>	1960	Independent Director	16th March, 2012	20th April, 2021	Chair of the Remunerations Committee. Chair of the Executive Board and CEO of Merck Group, 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 <sup>(6)</sup>	1963	Independent Director	11th March, 2016	15th March, 2019	Operating partner at Atlantic Bridge Capital, independent director of Stratio Big Data, non-executive director at Deep Image Analytics, Inc. and at McLaren Technology Acquisition Corporation and advisor to mCloud. 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

<b>Name</b>	<b>Birth Year</b>	<b>Current Position</b>	<b>Date Nominated</b>	<b>Date Re-elected</b>	<b>Principal Business Activities and Employment History<sup>(*)</sup></b>
					2004. Founder and CEO of Tsola Inc from 1999 to 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 <sup>(2) (4)</sup>	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 <sup>(1) (3)</sup>	1952	External Director	28th January, 2000	20th April, 2021	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 <sup>(2) (4)</sup>	1961	Independent Director	16th March, 2018	20th April, 2021	Independent director of Grenergy Renovables, S.A. and of Inmobiliaria Colonial, SOCIMI, S.A. and member of the Professional Board of ESADE. Independent director at Deutsche Bank SAE from 2014 to 2018; independent director at Banco Etcheverría, S.A. from 2013 to 2014. Previously, she was General Director of Risks 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



<b>Name</b>	<b>Birth Year</b>	<b>Current Position</b>	<b>Date Nominated</b>	<b>Date Re-elected</b>	<b>Principal Business Activities and Employment History<sup>(*)</sup></b>
					Management Committee.
Juan Pi Llorens (3) (5) (6) (7)	1950	Independent Director	27th July, 2011	20th April 2021	Lead Director of BBVA since April 2019 and Chairman of the Risk and Compliance Committee. Chairman of the Board of Directors of Ecolumer 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 <sup>(5)</sup>	1963	Independent Director	13th March, 2020	Not applicable	Senior Fellow at the Brookings Institution and President of the Board at the ISEAK Foundation since 2018 and Associate Professor at the Walsh School of Foreign Service at Georgetown University since 2019. She has held several positions of responsibility at the World Bank, including Senior Global Director of Poverty and Equity between 2014 and 2016 and Deputy Chief Economist in 2016 and 2017.
Susana Rodríguez Vidarte <sup>(1) (3) (5)</sup>	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	1951	External Director	13th March,	Not	Chairman of the Consejo

<b>Name</b>	<b>Birth Year</b>	<b>Current Position</b>	<b>Date Nominated</b>	<b>Date Re-elected</b>	<b>Principal Business Activities and Employment History<sup>(*)</sup></b>
Salazar Lomelín <sup>(4)</sup>			2020	applicable	Coordinador Empresarial de México (the Mexican Business Coordinating Council) since 2019 and independent director of Sukarne, S.A. de C.V. and Alsea, S.A.B. de C.V. 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 <sup>(4)</sup> <sup>(6)</sup>	1963	Independent Director	16th March, 2018	20th April 2021	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.
- (8) Deputy Chair.

## Major Shareholders and Share Capital

On 28th January 2021, Blackrock, Inc. reported to the SEC that it beneficially owned 5.8 per cent. of BBVA's common shares.

On 11th February, 2021, GQG Partners LLC (**GQG Partners**) reported that it held 3.090 per cent. of the voting rights attributed to BBVA's shares and 3.090 per cent. of the total voting rights (GQG Partners does not report voting rights held through financial instruments).

As of 2nd December, 2021, no other person, corporation or government beneficially owned, directly or indirectly, five per cent. or more of BBVA's shares. 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 2nd December, 2021, there were 828,311 registered holders of BBVA's shares, with an aggregate of 6,667,886,580 shares, of which 716 shareholders with registered addresses in the United States held a total of 1,879,442,831 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.

## **Legal Proceedings**

Spanish judicial authorities are investigating the activities of 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 constitute bribery, revelation of secrets and corruption. 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. 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 the relevant information obtained in the internal investigation hired by the entity in 2019 to contribute to the clarification of the facts. As of the date of this Information Memorandum, no formal accusation against BBVA has been made.

This criminal judicial proceeding is in the pre-trial phase. 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.

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 of this Information Memorandum, 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—Factors that may affect the Issuers ability to fulfil its obligations in respect of Notes issued under the Programme - Legal, Regulatory, Tax and Compliance Risks – Legal 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.

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, amending Directive 2002/87/EC, and repealing Directives 2006/48/EC and 2006/49/EC (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 and amending Regulation (EU) No. 648/2012 (the **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 the European Parliament and of the Council 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 Council of 20th May, 2019 (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 Council of 20th May, 2019 (**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 (together with the CRD V Directive, **CRD V**) amending CRR I as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit

risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No. 648/2012 (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 (the **SRM Regulation II**) amending the 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**).

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 additional CET1 capital to that provided to meet the “Pillar 1” minimum capital requirement.

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 29th July, 2021, the Bank of Spain announced that the Issuer continues to be considered a D-SIB at a consolidated level and is required to maintain a fully-loaded D-SIB buffer of a CET1 ratio 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 on 28th September, 2021 to maintain the counter cyclical capital buffer applicable to credit exposures in Spain at 0 per cent. for the fourth quarter of 2021. At the date of this Information Memorandum, the counter-cyclical capital buffer applicable to the Group stands at 0.01 per cent.

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”).

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 (**SSM**) 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. As of 23rd July, 2020, the EBA published further guidelines on the carrying out of the SREP during 2020 in light of the

crisis generated by COVID-19. Additionally, on 28th June, 2021 the EBA published further draft amended guidelines regarding the implementation of changes introduced by the CRD V Directive that, when finally adopted, will repeal and replace current SREP guidelines.

In response to the COVID-19 pandemic, 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 56.25 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 after the implementation of the aforementioned measures 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 CET1 ratio of 8.60 per cent. and a total capital ratio of 12.76 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 CET1; ii) the “Pillar 2” capital 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); iv) the capital buffer for “Other Systemically Important Institutions” (O-SIIs) (0.75 per cent. of CET1); and v) the capital buffer for “Countercyclical risk” (CCy) (0.01 per cent. of CET1). Likewise, BBVA must maintain, at an individual level, a CET1 ratio of 7.86 per cent. and a total capital ratio of 12.02 per cent.

As of 30th September, 2021, the Issuer’s phased-in total capital ratio was 19.17 per cent. on a consolidated basis and 21.27 per cent. on an individual basis and its CET1 phased-in capital ratio was 14.71 per cent. on a consolidated basis and 15.91 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 additional “Pillar 2” own funds requirements on the Issuer and/or the Group.

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 calculated MDA.

Additionally, pursuant to Article 48 of Law 10/2014, the adoption by the Bank of Spain 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.

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.

Additionally, CRR II establishes a binding requirement for a leverage ratio of 3 per cent. of Tier 1 capital that is added to the own funds requirements and to the requirements based on an entity's RWAs. In particular, any breach of this leverage ratio would result in the need to calculate the MDA and its consequences.

The table below sets out the reconciliation of the Group's accounting assets to its leverage ratio exposure as of 30th September, 2021 and 31st December, 2020:

	31/09/21	31/09/21	31/12/20	31/12/20
	<i>Phased- In</i>	<i>Fully Loaded</i>	<i>Phased- In</i>	<i>Fully Loaded</i>
	<i>(in millions of euros except percentages)</i>			
a) Total assets as per published financial statements	651,834	651,834	736,176	736,176
b) Adjustments for entities which are consolidated for accounting purposes but are outside the scope of the regulatory consolidation perimeter	(21,108)	(21,108)	(20,326)	(20,326)
c) Adjustments for derivative financial instruments	(10,014)	(10,014)	(13,858)	(13,858)
d) Adjustments of securities financing transactions	10,647	10,647	1,992	1,992
e) Adjustments for off-balance sheet items <sup>(1)</sup>	62,739	62,739	67,758	67,758
f) (Adjustments for intragroup exposures excluded from the leverage ratio exposure measured in accordance with article 429(7) of the CRR)	-	-	-	-
g) Other adjustments	(30,237)	(31,002)	(30,647)	(32,244)
<b>Total leverage ratio exposures</b>	<b>663,861</b>	<b>663,096</b>	<b>741,095</b>	<b>739,497</b>
h) Tier 1	50,329	49,564	49,597	48,012
<b>Total leverage ratio exposures</b>	<b>663,861</b>	<b>663,096</b>	<b>741,095</b>	<b>739,497</b>
<b>Leverage ratio</b>	<b>7.58%</b>	<b>7.47%</b>	<b>6.69%</b>	<b>6.49%</b>

(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 Basel Committee on Banking Supervision 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. This reform will also (i) modify the calculation of the Operational Risk, which could have a negative impact on the capital of the Group; and (ii) limit the use of internal risk models, with a minimum of RWAs calculated using only the standardised approaches. The application of this reform in Europe is still underway and there is no certainty on its final rules and the date of implementation.

In addition, the ECB has announced that a targeted review of internal models 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. Any final results of the targeted review of internal models 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 on a fully phased-in basis.

### **Total Capital Phased-in**

*(in millions of euros except percentages)*

	<b>30/09/2021</b>	<b>31/12/2020</b>	<b>31/12/2019</b>	<b>31/12/2018</b>
Common Equity Tier 1 capital (CET1)	44,558	42,931	43,653	40,313
Additional Tier 1 capital (AT1)	5,771	6,667	6,048	5,634
Tier 2 capital	7,769	8,547	8,304	8,756
Capital base	58,098	58,145	58,005	54,703
Risk-weighted assets	303,002	353,273	364,448	348,264
CET1 ratio	14.71%	12.15%	11.98 %	11.58%
AT1 ratio	1.90%	1.89%	1.66 %	1.62%
Tier 1 ratio	16.61%	14.04%	13.64 %	13.19%
Tier 2 ratio	2.56%	2.42%	2.28 %	2.51%
Total capital ratio	<b>19.17%</b>	<b>16.46%</b>	<b>15.92%</b>	<b>15.71%</b>

The Group must also comply with liquidity and financing ratios. 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. As of 30th September, 2021, 31st December, 2020 and 31st December, 2019, the Group's LCR was 170 per cent., 149 per cent. and 129 per cent., respectively. The Group's NSFR was 135 per cent. as of 30th September, 2021 and 127 per cent. and 120 per cent. as of 31st December, 2020 and 2019, respectively.

### **Resolution**

The BRRD (which has been implemented in Spain through Law 11/2015 and RD 1012/2015) 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).

In addition, 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 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 supplementing BRRD I with regard to regulatory technical standards specifying the criteria relating to the methodology for setting the minimum requirement for own funds and eligible liabilities, 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 45 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.

If the FROB, the SRB 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, 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.

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 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.

On 31st May, 2021, BBVA announced that it had received a communication from the Bank of Spain of its new MREL requirement, as determined by the SRB, replacing the previous MREL requirement that was received and communicated in November, 2019. In accordance with this new communication, BBVA should maintain as of 1st January, 2022, a MREL in RWAs consisting of a volume of own funds and eligible subordinated liabilities corresponding to 24.78 per cent. of the total RWAs of its resolution group at the subconsolidated level. Likewise, of this MREL in RWAs, the MREL RWAs subordination requirement for BBVA requires 13.5 per cent. of its total RWAs to be fulfilled with subordinated instruments. As of 30th September, 2021, the own funds and eligible liabilities of the resolution group corresponds to 29.87 per cent. of its RWAs, and the subordinated own funds and eligible liabilities corresponds to 26.55 per cent. Nevertheless, the MREL in RWAs and the MREL RWAs subordination requirement do not include the combined capital buffer requirement which, for these purposes, would be 2.5 per cent. as at the date of this Information Memorandum, notwithstanding any other buffer that may be applicable from time to time.

Moreover, the MREL in RWAs and the MREL RWAs subordination requirement are equivalent, in terms of total exposure for the purpose of calculating the leverage ratio, to 10.25 per cent. and 5.84 per cent., respectively.

## 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.

**[UK MIFIR 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 has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (COBS), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (**UK MiFIR**); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) 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 10th December, 2021, [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 Date<sup>1</sup>: [ ]
4. Specified Currency: [ ]
5. Denomination: [ ]
6. Nominal Amount<sup>2</sup>: [ ]  
(words and figures if a Sterling Note)
7. Early Redemption Amount: [Redemption at par] [[ ] per Note of [ ]  
[Denomination]]
8. Reference Rate: [ ] months [EURIBOR/Compounded Daily  
SONIA/Compounded Daily SOFR]
9. Relevant Screen Page: [ ]  
  
(In the case of EURIBOR, if not Reuters  
EURIBOR01 ensure it is a page which shows a  
composite rate or amend the fallback provisions  
appropriately)
10. Observation Method: [Not Applicable/Lag/Shift]<sup>3</sup>
11. Observation Look-Back Period: [ ] [London Banking/U.S. Government Securities  
Business] Day[s]]<sup>4</sup>  
  
(NB: If the Reference Rate is Compounded Daily  
SONIA, a minimum of 5 London Banking Days  
should be specified unless otherwise agreed with the  
Fiscal Agent or the Calculation Agent, as applicable  
and if the Reference Rate is Compounded Daily  
SOFR, this should be agreed with the Fiscal Agent  
or the Calculation Agent, as applicable)
12. Index Determination: [Applicable/Not Applicable]
13. Specified Time: [ ]  
  
(N.B. Delete for all Reference Rates other than  
Compounded Daily SONIA or Compounded Daily  
SOFR where Index Determination is specified as  
being applicable and in the case of Compounded  
Daily SOFR, the Specified Time should be 5:00pm  
unless otherwise agreed with the Calculation Agent,  
as applicable)

<sup>1</sup> Not more than 364 days from (and including) the Issue Date.

<sup>2</sup> 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.

<sup>3</sup> Only include for Notes for which the Reference Rate is specified as being "Compounded Daily SONIA" or "Compounded Daily SOFR" and for which "Index Determination" is specified as being applicable

<sup>4</sup> Only include for Notes for which the Reference Rate is specified as being "Compounded Daily SONIA" or "Compounded Daily SOFR" and for which "Index Determination" is specified as being applicable

14. Interest Determination Date(s): ☐ ☐
- (The second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or the day falling the number of London Banking Days included in the below SONIA Observation Period prior to the day on which the relevant Interest Period ends (but which by its definition is excluded from the Interest Period), if Compounded Daily SONIA or the day falling the number of U.S. Government Securities Business Days included in the below SOFR Observation Period prior to the day on which the relevant Interest Period ends (but which by its definition is excluded from the Interest Period), if Compounded Daily SOFR)*
15. Fixed Interest Rate<sup>5</sup>: ☐ % per annum
16. Margin<sup>6</sup>: ☐ %
17. Net Proceeds: ☐ ☐
18. Interest Payment Dates<sup>7</sup>: ☐ ☐
19. Day Count Convention: ☐ ☐
20. Calculation Agent: ☐ ☐
21. Reference Banks<sup>8</sup>: ☐ ☐
22. Clearing System(s): [Euroclear, Clearstream, Luxembourg, other (specify)]
23. Trade Date: ☐ ☐
24. ISIN: ☐ ☐
25. Common Code: ☐ ☐
26. CFI: ☐ /Not Available
27. FISN: ☐ /Not Available
28. Governing Law: [English Law]/[Spanish Law]

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

## Form

<sup>5</sup> Complete for fixed rate interest bearing Notes only.

<sup>6</sup> Complete for floating rate interest bearing Notes only.

<sup>7</sup> Complete for interest bearing Notes.

<sup>8</sup> Complete for floating rate interest bearing Notes only.

29. NGN form: [Yes/No]
30. 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 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

31. Method of distribution: [Syndicated/Non-syndicated]
32. Dealer(s): [ ]
33. Additional selling restrictions: [Not Applicable/specify]

## Listing and Admission to Trading

34. 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 [ ]]
35. Estimate of total expenses of admission to trading: €[ ]

## Ratings

36. 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**

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

## **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 NOTES 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 10th December, 2021 (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 (**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 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 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:

- (i) 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
- (ii) 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 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 the restated text of the Insolvency Law approved by Royal Legislative Decree 1/2020, of 5th May (*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, 433 and 435 of the Insolvency Law and other applicable laws relating to or affecting the enforcement of creditors' rights in 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 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 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.

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 10th December, 2021, as amended, supplemented novated and/or restated as at the Issue Date, entered into by the Issuer]<sup>\*</sup> in respect of the Notes issued under the Dealer Agreement pursuant to which this Global Note is issued and to enforce the covenant of the Issuer to make payment to the bearer of this Global Note of such amount as have become due and payable in respect of the Notes represented by this Global Note, 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]<sup>\*</sup>/[as a holder of Notes other than this Global Note]<sup>†</sup>).
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

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<sup>\*</sup> To be included for Notes governed by English Law

<sup>†</sup> To be included for Notes governed by Spanish Law

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, interest shall be calculated on the Nominal Amount as follows:

- (a) 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:
  - (i) 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;

- (ii) 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
- (iii) 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) (i) in the case of a Global Note which specifies Compounded Daily SONIA 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 365 days at a rate (the **Rate of Interest**) determined on the following basis. The Rate of Interest with respect to each Interest Period will, subject as provided below, be Compounded Daily SONIA for such Interest Period plus or minus the Margin (if any) as specified in the applicable Pricing Supplement, all as determined and calculated by the Calculation Agent.

**Compounded Daily SONIA** means, with respect to an Interest Period,

- (A) if Index Determination is specified as being applicable in the applicable Pricing Supplement, the rate determined by the Calculation Agent on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards):

$$\left( \frac{SONIA \text{ Compounded Index}_y}{SONIA \text{ Compounded Index}_x} - 1 \right) \times \frac{365}{d}$$

where:

**SONIA Compounded Index<sub>x</sub>** is the SONIA Compounded Index for the day falling *p* London Banking Days prior to the first day of the relevant Interest Period;

**SONIA Compounded Index<sub>y</sub>** is the SONIA Compounded Index for the day falling *p* London Banking Days prior to the last day of such Interest Period (but which by its definition is excluded from such Interest Period);

**d** is the number of calendar days in the relevant SONIA Observation Period;

provided that if the SONIA Compounded Index required to determine SONIA Compounded Index<sub>x</sub> or SONIA Compounded Index<sub>y</sub> does not appear on the Bank of England's Interactive Statistical Database, or any successor source, at the Specified Time on the relevant London Banking Day (or by 5:00 p.m. London time or such later time falling one hour after the customary or scheduled time for publication of the SONIA Compounded Index in accordance with the then-prevailing operational procedures of the administrator of the SONIA Reference Rate or relevant authorised distributors, as the case may be), Compounded Daily SONIA for such Interest Period and each subsequent Interest Period shall be *Compounded Daily SONIA* determined in accordance with paragraph (B) below and for these purposes the Observation Method shall be deemed to be "Shift"; or

- (B) if either (x) Index Determination is specified as being not applicable in the applicable Pricing Supplement, or (y) this paragraph 12(b)(i)(B) applies to such Interest Period pursuant to the proviso in paragraph 12(b)(i)(A) above, the rate determined by the Calculation Agent on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards):

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{SONIA_{i-pLBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

**d** is the number of calendar days in (where in the applicable Pricing Supplement "Lag" is specified as the Observation Method) the relevant Interest Period or (where in the applicable Pricing Supplement "Shift" is specified as the Observation Method) the SONIA Observation Period;

**d<sub>0</sub>** is the number of London Banking Days in (where in the applicable Pricing Supplement "Lag" is specified as the Observation Method) the relevant Interest Period or (where in the applicable Pricing Supplement "Shift" is specified as the Observation Method) the SONIA Observation Period;

**i** is a series of whole numbers from one to d<sub>0</sub>, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in (where in the applicable Pricing Supplement "Lag" is specified as the Observation Method) the relevant Interest Period or (where in the applicable Pricing Supplement "Shift" is specified as the Observation Method) the relevant SONIA Observation Period;

**n<sub>i</sub>**, for any London Banking Day *i*, is the number of calendar days from (and including) such London Banking Day *i* up to (but excluding) the following London Banking Day;

**SONIA<sub>i-pLBD</sub>** means:

- (a) where in the applicable Pricing Supplement "Lag" is specified as the Observation Method, in respect of any London Banking Day *i* falling in the relevant Interest Period, the SONIA Reference Rate for the London Banking Day falling *p* London Banking Days prior to such day; or



- (b) where in the applicable Pricing Supplement “Shift” is specified as the Observation Method,  $SONIA_{i-pLBD}$  shall be replaced in the above formula with  $SONIA_i$ , where  $SONIA_i$  means, in respect of any London Banking Day  $i$  falling in the relevant SONIA Observation Period, the SONIA Reference Rate for such day.
- (ii) In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions, the Rate of Interest shall be the Rate of Interest:
  - (A) as determined at the last preceding Interest Determination Date; or
  - (B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Notes for the first scheduled Interest Period had the Notes been in issue for a period equal in duration to the first scheduled Interest Period but ending on (and excluding) the Interest Commencement Date.
- (iii) For the purposes of this paragraph 12(b):

**London Banking Day** or **LBD** means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

**Observation Look-Back Period** is as specified in the applicable Pricing Supplement;

**p** means the number of London Banking Days included in the Observation Look-Back Period, as specified in the applicable Pricing Supplement;

**SONIA Compounded Index** means, in respect of any London Banking Day, the compounded daily SONIA rate for such London Banking Day as published by the Bank of England (or a successor administrator of SONIA) on the Bank of England's Interactive Statistical Database, or any successor source, at the Specified Time on such London Banking Day;

**SONIA Observation Period** means the period from (and including) the date falling  $p$  London Banking Days prior to the first day of the relevant Interest Period to (but excluding) the date falling  $p$  London Banking Days prior to the Interest Payment Date for such Interest Period or such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period);

**SONIA Reference Rate** means, in respect of any London Banking Day, the daily Sterling Overnight Index Average (**SONIA**) rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page (or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors) on the London Banking Day immediately following such London Banking Day, *provided* that if, in respect of any London Banking Day, the applicable SONIA Reference Rate is not made available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, then (unless the Calculation Agent has been notified of any Successor Rate or Alternative Rate (and any related Adjustment Spread and/or Benchmark Amendments) pursuant to paragraph 13 below, if applicable) the SONIA Reference Rate in respect of such London Banking Day shall be:

- (A) the sum of (i) the Bank of England's Bank Rate (the **Bank Rate**) prevailing at 5.00 p.m. (or, if earlier, close of business) on such London Banking Day;

plus (ii) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five London Banking Days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and the lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads); or

- (B) if such Bank Rate is not available as provided in paragraph (A)(i) above, the SONIA Reference Rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding London Banking Day on which the SONIA Reference Rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) or (ii) if more recent, the latest rate determined under paragraph (A) above; and

**Specified Time** means 10:00 a.m., London time, or such other time as is specified in the applicable Pricing Supplement.

- (c) (i) in the case of a Global Note which specifies Compounded Daily SOFR 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. The Rate of Interest with respect to each Interest Period will, subject as provided below, be Compounded Daily SOFR for such Interest Period plus or minus the Margin (if any) as specified in the applicable Pricing Supplement, all as determined and calculated by the Calculation Agent.

**Compounded Daily SOFR** means, with respect to an Interest Period,

- (A) if Index Determination is specified as being applicable in the applicable Pricing Supplement, the rate determined by the Calculation Agent on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards):

$$\left( \frac{SOFR\ Index_{End}}{SOFR\ Index_{Start}} - 1 \right) \times \left( \frac{360}{d} \right)$$

where:

**SOFR Index<sub>Start</sub>** is the SOFR Index value for the day that is *p* U.S. Government Securities Business Days preceding the first day of the relevant Interest Period;

**SOFR Index<sub>End</sub>** is the SOFR Index value for the day that is *p* U.S. Government Securities Business Days preceding the last day of the relevant Interest Period; and

**d** is the number of calendar days in the relevant SOFR Observation Period;

*provided that*, if the SOFR Index value required to determine SOFR Index<sub>Start</sub> or SOFR Index<sub>End</sub> does not appear on the SOFR Administrator's

Website at the Specified Time on the relevant U.S. Government Securities Business Day (or by 3:00 pm New York City time on the immediately following US Government Securities Business Day or such later time falling one hour after the customary or scheduled time for publication of the SOFR Index value in accordance with the then-prevailing operational procedures of the administrator of SOFR Index), "Compounded Daily SOFR" for such Interest Period and each Interest Period thereafter will be determined in accordance with paragraph (B) below; or

- (B) if either (x) Index Determination is specified as being not applicable in the applicable Pricing Supplement, or (y) this paragraph 12(c)(i)(B) applies to such Interest Period pursuant to the proviso in paragraph 12(c)(i)(A) above, the rate determined by the Calculation Agent on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards):

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{SOFR_i \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

where:

**d** is the number of calendar days in the relevant SOFR Observation Period;

**d<sub>0</sub>** is the number of U.S. Government Securities Business Days in the relevant SOFR Observation Period;

**i** is a series of whole numbers from one to **d<sub>0</sub>**, each representing the relevant U.S. Government Securities Business Days in chronological order from, and including, the first U.S. Government Securities Business Day in the relevant SOFR Observation Period;

**n<sub>i</sub>**, for any U.S. Government Securities Business Day **i**, in the relevant SOFR Observation Period, is the number of calendar days from (and including) such U.S. Government Securities Business Day **i** up to but excluding the following U.S. Government Securities Business Day ("i+1"); and

**SOFR<sub>i</sub>** means, in respect of any U.S. Government Securities Business Day **i** falling in the relevant SOFR Observation Period, the SOFR Reference Rate for such U.S. Government Securities Business Day.

- (ii) If a SOFR Benchmark Replacement is required at any time to be used pursuant to paragraph (3) of the definition of SOFR Reference Rate, then in connection with determining the SOFR Benchmark Replacement:
- (A) the SOFR Benchmark Replacement Agent shall also determine the method for determining the rate described in sub-paragraph (a) of paragraph (1), (2) or (3) of the definition of SOFR Benchmark Replacement, as applicable (including (i) the page, section or other part of a particular information service on or source from which such rate appears or is obtained (the **Relevant Source**), (ii) the time at which such rate appears on, or is obtained from, the Relevant Source (the **Alternative Specified Time**), (iii) the day on which such rate will appear on, or is obtained from, the Relevant Source

in respect of each U.S. Government Securities Business Day (the **Relevant Date**), and (iv) any alternative method for determining such rate if is unavailable at the Alternative Specified Time on the applicable Relevant Date), which method shall be consistent with industry-accepted practices for such rate;

- (B) from (and including) the Affected Day, references to the Specified Time shall be deemed to be references to the Alternative Specified Time;
- (C) if the SOFR Benchmark Replacement Agent determines that (i) changes to the definitions of Business Day, Compounded Daily SOFR, Day Count Convention, Interest Determination Date, Interest Payment Date, Interest Period, SOFR Observation Period, SOFR Reference Rate or U.S. Government Securities Business Day or (ii) any other technical changes to any other provision described in paragraph 12(c), are necessary in order to implement the SOFR Benchmark Replacement (including any alternative method described in sub-paragraph (iv) of paragraph (A) above) as the SOFR Benchmark in a manner substantially consistent with market practice (or, if the SOFR Benchmark Replacement Agent decides that adoption of any portion of such market practice is not administratively feasible or if the SOFR Benchmark Replacement Agent determines that no market practice for use of the SOFR Benchmark Replacement exists, in such other manner as the SOFR Benchmark Replacement Agent, as the case may be, determines is reasonably necessary), the Issuer, the Issuing and Paying Agent and the Calculation Agent shall agree without any requirement for the consent or approval of Noteholders to the necessary modifications to this Global Note and/or the Agency Agreement in order to provide for the amendment of such definitions or other provisions to reflect such changes; and
- (D) the Issuer will give notice or will procure that notice is given as soon as practicable to the Issuing and Paying Agent, the Calculation Agent and to the Noteholders, specifying the SOFR Benchmark Replacement, as well as the details described in paragraph (A) above and the amendments implemented pursuant to paragraph (C) above.

- (iii) For the purposes of this paragraph 12(c):

**Corresponding Tenor** means, with respect to a SOFR Benchmark Replacement, a tenor (including overnight) having approximately the same length (disregarding any applicable Business Day Convention) as the applicable tenor for the then-current SOFR Benchmark;

**Independent Adviser** means an independent financial institution of international repute or other independent adviser of recognised standing with appropriate expertise appointed by the Issuer at its own expense;

**ISDA Fallback Adjustment** means, with respect to any ISDA Fallback Rate, the spread adjustment, which may be a positive or negative value or zero, that would be applied to such ISDA Fallback Rate in the case of derivative transactions referencing the ISDA Definitions that will be effective upon the occurrence of an index cessation event with respect to the then-current SOFR Benchmark for the applicable tenor;

**ISDA Fallback Rate** means, with respect to the then-current SOFR Benchmark, the rate that would apply for derivative transactions referencing the ISDA Definitions that will be effective upon the occurrence of an index cessation date with respect to

the then-current SOFR Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

**Observation Look-Back Period** is as specified in the applicable Pricing Supplement;

**p** means the number of U.S. Government Securities Business Days included in the Observation Look-Back Period, as specified in the applicable Pricing Supplement;

**Relevant Governmental Body** means the Board of Governors of the Federal Reserve System and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System and/or the Federal Reserve Bank of New York or any successor thereto;

**SOFR** means, in respect of any U.S. Government Securities Business Day, the daily secured overnight financing rate for such U.S. Government Securities Business Day as provided by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate);

**SOFR Administrator** means the Federal Reserve Bank of New York (or a successor administrator of the Secured Overnight Financing Rate);

**SOFR Administrator's Website** means the website of the Federal Reserve Bank of New York, or any successor source;

**SOFR Benchmark** means SOFR, provided that if a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred with respect to SOFR or such other then-current SOFR Benchmark, then "SOFR Benchmark" means the applicable SOFR Benchmark Replacement;

**SOFR Benchmark Replacement** means, with respect to the then-current SOFR Benchmark, the first alternative set forth in the order presented below that can be determined by the SOFR Benchmark Replacement Agent as of the SOFR Benchmark Replacement Date with respect to the then-current SOFR Benchmark:

- (1) the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current SOFR Benchmark for the applicable Corresponding Tenor and (b) the SOFR Benchmark Replacement Adjustment; or
- (2) the sum of (a) the ISDA Fallback Rate and (b) the SOFR Benchmark Replacement Adjustment;
- (3) the sum of: (a) the alternate rate of interest that has been selected by the SOFR Benchmark Replacement Agent as the replacement for the then-current Benchmark for the applicable Corresponding Tenor, provided that, (i) if the SOFR Benchmark Replacement Agent determines that there is an industry-accepted replacement rate of interest for the then-current Benchmark for U.S. dollar-denominated floating rate notes at such time, it shall select such industry-accepted rate, and (ii) otherwise, it shall select such rate of interest that it has determined is most comparable to the then-current Benchmark, and the Benchmark Replacement Adjustment;

**SOFR Benchmark Replacement Adjustment** means, with respect to any Benchmark Replacement, the first alternative set forth in the order below that can be

determined by the SOFR Benchmark Replacement Agent, if any, as of the Benchmark Replacement Date with respect to the then-current Benchmark:

- (1) the spread adjustment, or method for calculating or determining such spread adjustment, which may be a positive or negative value or zero, that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (2) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment;
- (3) the spread adjustment, which may be a positive or negative value or zero, that has been selected by the SOFR Benchmark Replacement Agent to be applied to the applicable Unadjusted SOFR Benchmark Replacement in order to reduce or eliminate, to the extent reasonably practicable under the circumstances, any economic prejudice or benefit (as applicable) to Noteholders as a result of the replacement of the then-current SOFR Benchmark with such Unadjusted SOFR Benchmark Replacement for the purposes of determining the SOFR Reference Rate, which spread adjustment shall be consistent with any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, applied to such Unadjusted SOFR Benchmark Replacement where it has replaced the then-current SOFR Benchmark for U.S. dollar denominated floating rate notes at such time;

**SOFR Benchmark Replacement Agent** means any person that has been appointed by the Issuer to make the calculations and determinations to be made by the SOFR Benchmark Replacement Agent described herein that may be made by either the SOFR Benchmark Replacement Agent or the Issuer, so long as such person is a leading bank or other financial institution or a person with appropriate expertise, in each case that is experienced in such calculations and determinations;

**SOFR Benchmark Replacement Date** means, with respect to the then-current SOFR Benchmark, the earliest to occur of the following events with respect thereto:

- (1) in the case of sub-paragraph (1) or (2) of the definition of SOFR Benchmark Transition Event, the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the SOFR Benchmark permanently or indefinitely ceases to provide the SOFR Benchmark; or
- (2) in the case of sub-paragraph (3) of the definition of SOFR Benchmark Transition Event, the date of the public statement or publication of information referenced therein.

If the event giving rise to the SOFR Benchmark Replacement Date occurs on the same day as, but earlier than, the Specified Time in respect of any determination, the SOFR Benchmark Replacement Date will be deemed to have occurred prior to the Specified Time for such determination;

**SOFR Benchmark Transition Event** means, with respect to the then-current SOFR Benchmark, the occurrence of one or more of the following events with respect thereto:

- (1) a public statement or publication of information by or on behalf of the administrator of the SOFR Benchmark announcing that such administrator

has ceased or will cease to provide the SOFR Benchmark, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the SOFR Benchmark;

- (2) a public statement or publication of information by the regulatory supervisor for the administrator of the SOFR Benchmark, the central bank for the currency of the SOFR Benchmark, an insolvency official with jurisdiction over the administrator for the SOFR Benchmark, a resolution authority with jurisdiction over the administrator for the SOFR Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for the SOFR Benchmark, which states that the administrator of the SOFR Benchmark has ceased or will cease to provide the SOFR Benchmark permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the SOFR Benchmark; or
- (3) a public statement or publication of information by the regulatory supervisor for the administrator of the SOFR Benchmark announcing that the SOFR Benchmark is no longer representative;

**SOFR Index** means, in respect of any U.S. Government Securities Business Day, the compounded daily SOFR rate for such U.S. Government Securities Business Day as published by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate) on the SOFR Administrator's Website;

**SOFR Index value** means, in respect of any U.S. Government Securities Business Day, the value of the SOFR Index published for such U.S. Government Securities Business Day as such value appears on the by the SOFR Administrator's Website at the Specified Time on such U.S. Government Securities Business Day;

**SOFR Observation Period** means, in respect of any Interest Period, the period from (and including) the date falling "p" U.S. Government Securities Business Days prior to the first day of such Interest Period to (but excluding) the date falling *p* U.S. Government Securities Business Days prior to the Interest Payment Date for such Interest Period or such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period); and

**SOFR Reference Rate** means, in respect of any U.S. Government Securities Business Day:

- (1) a rate equal to SOFR for such U.S. Government Securities Business Day appearing on the SOFR Administrator's Website on or about the Specified Time on the U.S. Government Securities Business Day immediately following such U.S. Government Securities Business Day; or
- (2) if SOFR in respect of such U.S. Government Securities Business Day does not appear as specified in paragraph (1), unless the SOFR Benchmark Replacement Agent determines that a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred with respect to SOFR on or prior to the Specified Time on the U.S. Government Securities Business Day immediately following such U.S. Government Securities Business Day, SOFR in respect of the last U.S. Government

Securities Business Day for which such rate was published on the SOFR Administrator's Website; or

- (3) if the SOFR Benchmark Replacement Agent determines that a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred with respect to the then-current SOFR Benchmark on or prior to the Specified Time on the U.S. Government Securities Business Day immediately following such U.S. Government Securities Business Day (or, if the then-current SOFR Benchmark is not SOFR, on or prior to the Specified Time on the Relevant Date), then (subject to the subsequent operation of this paragraph (3)) from (and including) the U.S. Government Securities Business Day immediately following such U.S. Government Securities Business Day (or the Relevant Date, as applicable) (the "Affected Day"), the SOFR Reference Rate shall mean, in respect of any U.S. Government Securities Business Day, the applicable SOFR Benchmark Replacement for such U.S. Government Securities Business Day appearing on, or obtained from, the Relevant Source at the Specified Time on the Relevant Date.

**Specified Time** means 3:00 p.m., New York City time or such other time as is specified in the applicable Pricing Supplement;

**Unadjusted SOFR Benchmark Replacement** means the SOFR Benchmark Replacement excluding the SOFR Benchmark Replacement Adjustment; and

**U.S. Government Securities Business Day** means any day, except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association or any successor organisation recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

- (iv) Notwithstanding the other provisions of this paragraph 12(c), in the event the SOFR Benchmark Replacement Agent determines it appropriate, in its sole discretion, to consult with an Independent Adviser in connection with any determination to be made by the Benchmark Calculation Agent pursuant to this paragraph 12(c), the Bank shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, for the purposes of any such consultation.

An Independent Adviser appointed pursuant to this paragraph 12(c) shall act in good faith in a commercially reasonable manner but shall have no relationship of agency or trust with the Noteholders and (in the absence of fraud) shall have no liability whatsoever to the Benchmark Calculation Agent or the Noteholders for any determination made by it or for any advice given to the Benchmark Calculation Agent in connection with any determination made by the Benchmark Calculation Agent pursuant to this paragraph 12(c) or otherwise in connection with the Notes.

If the SOFR Benchmark Replacement Agent consults with an Independent Adviser as to the occurrence of any SOFR Benchmark Transition Event and/or the related SOFR Benchmark Replacement Date, a written determination of that Independent Adviser in respect thereof shall be conclusive and binding on all parties, save in the case of manifest error, and (in the absence of fraud) the SOFR Benchmark Replacement Agent shall have no liability whatsoever to any Noteholders in respect of anything done, or omitted to be done, in relation to that matter in accordance with any such written determination or otherwise in connection with the Notes.



- (v) Any determination, decision or election that may be made by the SOFR Benchmark Replacement Agent pursuant to paragraph 12(c)(i)(B), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event (including any determination that a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred with respect to the then-current SOFR Benchmark), circumstance or date and any decision to take or refrain from taking any action or any selection, will be made in the sole discretion of the SOFR Benchmark Replacement Agent, acting in good faith and in a commercially reasonable manner.
- (d) the Calculation Agent will, as soon as practicable after 11.00 a.m. (Brussels time) on each EURIBOR Interest Determination Date or at the applicable Specified Time if the Reference Rate is specified to be either Compounded Daily SONIA or Compounded Daily SOFR, (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;
- (e) 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;
- (f) 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
- (g) 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. By its acquisition of the Notes, each Noteholder (which for these purposes includes each holder of a beneficial interest in the Notes) will be deemed to have expressly consented to the application of the provisions of this paragraph 13. Without any requirement for any further consent or approval of the Noteholders and notwithstanding the provisions in paragraphs 12(b) or 12(c) above, as the case may be, (in the case of Notes other than where the Reference Rate is specified in the applicable Pricing Supplement as being Compounded Daily SOFR, in which case the provisions of this paragraph 13 shall not apply) if the Issuer or the Benchmark Calculation Agent (in consultation with the Issuer, where the Benchmark Calculation Agent is a party other than the Issuer, or, if the Benchmark Calculation Agent deems it appropriate, an Independent Adviser) determines that a Benchmark Event has occurred in relation to an Original Reference Rate when any Rate of Interest (or any

component part thereof) remains to be determined by reference to that Original Reference Rate, then the following provisions of this paragraph 13 shall apply.

(i) *Successor Rate or Alternative Rate*

If the Benchmark Calculation Agent, acting in good faith and in a commercially reasonable manner, and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines in its sole discretion that:

- (A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in paragraph 13(ii)) subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this paragraph 13); or
- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in paragraph 13(ii)) subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this paragraph 13).

(ii) *Adjustment Spread*

If the Benchmark Calculation Agent, acting in good faith and in a commercially reasonable manner, and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines in its sole discretion that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be), then the Benchmark Calculation Agent shall, if necessary, calculate such Adjustment Spread and apply such Adjustment Spread to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

(iii) *Benchmark Amendments*

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this paragraph 13 and the Benchmark Calculation Agent, acting in good faith and in a commercially reasonable manner, and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines in its sole discretion (A) that amendments to this Global Note are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the **Benchmark Amendments**) and (B) the terms of the Benchmark Amendments, then the Issuer and the Benchmark Calculation Agent, as applicable, shall, subject to giving notice thereof in accordance with paragraph 13(v), without any requirement for the consent or approval of Noteholders agree to the necessary modifications to this Global Note to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such modifications in accordance with this paragraph 13(iii), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(iv) *Benchmark Calculation Agent and any Independent Adviser*

In the event the Benchmark Calculation Agent determines it appropriate, in its sole discretion, to consult with an Independent Adviser in connection with any determination to be made by the Benchmark Calculation Agent pursuant to this paragraph 13, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, for the purposes of any such consultation.

An Independent Adviser appointed pursuant to this paragraph 13 shall act in good faith in a commercially reasonable manner but shall have no relationship of agency or trust with the Noteholders and (in the absence of fraud) shall have no liability whatsoever to the Benchmark Calculation Agent or the Noteholders for any determination made by it or for any advice given to the Benchmark Calculation Agent in connection with any determination made by the Benchmark Calculation Agent pursuant to this paragraph 13 or otherwise in connection with the Notes.

If the Benchmark Calculation Agent consults with an Independent Adviser as to the occurrence of any Benchmark Event and/or whether there is a Successor Rate or an Alternative Rate and/or any Adjustment Spread is required to be applied and/or in relation to the quantum of, or any formula or methodology for determining such Adjustment Spread and/or whether any Benchmark Amendments are necessary and/or in relation to the terms of any such Benchmark Amendments, a written determination of that Independent Adviser in respect thereof shall be conclusive and binding on all parties, save in the case of manifest error, and (in the absence of fraud) the Benchmark Calculation Agent shall have no liability whatsoever to any Noteholders in respect of anything done, or omitted to be done, in relation to that matter in accordance with any such written determination or otherwise in connection with the Notes.

(v) *Notice*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this paragraph 13 will be notified promptly by the Issuer to the Issuing and Paying Agent and the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

(vi) *Survival of Original Reference Rate Provisions*

Without prejudice to the obligations of the Benchmark Calculation Agent and the Issuer under this paragraph 13, the Original Reference Rate and the applicable Pricing Supplement, as the case may be, will continue to apply unless and until the Benchmark Calculation Agent has determined the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with the relevant provisions of this paragraph 13.

(vii) *Definitions*

In this paragraph 13, the following expressions shall have the following meanings:

**Adjustment Spread** means either a spread, or the formula or methodology for calculating a spread and the spread resulting from such calculation, which spread may in either case be positive or negative and is to be applied to the Successor Rate or the Alternative Rate (as the case may be) where the Original Reference Rate is replaced with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or

- (B) in the case of a Successor Rate if no such spread, formula or methodology is formally recommended or provided as an option by any Relevant Nominating Body or in the case of an Alternative Rate, is in customary market usage in the international debt capital market for transactions which reference the Original Reference Rate, where such rate has been replaced by the Alternative Rate,

or if no such recommendation or option has been made (or made available), or the Benchmark Calculation Agent, acting in good faith and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines there is no such spread, formula or methodology in customary market usage, the spread, formula or methodology which the Benchmark Calculation Agent, following consultation with an Independent Adviser, and acting in good faith and a commercially reasonable manner, determines in its sole discretion:

- (C) is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (D) if the Benchmark Calculation Agent so determines that no such industry standard is recognised or acknowledged, to be appropriate, having regard to the objective, so far as is reasonably practicable in the circumstances, of reducing or eliminating any economic prejudice or benefit (as the case may be) to Noteholders, as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be),

and in either such case, which the Benchmark Calculation Agent, following consultation with an Independent Adviser and acting in good faith and in a commercially reasonable manner, determines is required to be so applied;

**Alternative Rate** means an alternative benchmark or screen rate which the Benchmark Calculation Agent determines in accordance with this paragraph 13 is used in place of the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for a commensurate interest period or reset period, as applicable, and in the same Specified Currency as the Notes;

**Benchmark Calculation Agent** means the Calculation Agent in respect of the Notes unless (i) where such party is a party other than the Issuer, that party fails to perform or notifies the Issuer that it is unable to perform any of its duties or obligations as Benchmark Calculation Agent under this paragraph 13 or (ii) where such party is the Issuer, the Issuer determines in its sole discretion to appoint another party as Benchmark Calculation Agent, in which case for each of (i) and (ii) above, the Benchmark Calculation Agent shall be such other party as is appointed by the Issuer to act as Benchmark Calculation Agent, which party may, in the case of (i) above, include the Issuer or an affiliate of the Issuer and shall be a leading bank or financial institution, or another party of recognised standing and with appropriate expertise to make the determinations and/or calculations to be made by the Benchmark Calculation Agent;

**Benchmark Event** means:

- (A) the Original Reference Rate ceasing to be published for at least five business days or ceasing to exist or be administered;

- (B) the later of (a) the making of a public statement by the administrator of the Original Reference Rate that it will, by a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (b) the date falling six months prior to such specified date;
- (C) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued, is prohibited from being used or is no longer representative or will no longer be representative, or that its use is subject to restrictions or adverse consequences or, where such discontinuation, prohibition, restrictions or adverse consequences are to apply from a specified date after the making of any public statement to such effect, the later of the date of the making of such public statement and the date falling six months prior to such specified date; or
- (D) it has or will prior to the next Interest Determination Date or Reset Determination Date, as applicable, become unlawful for the Calculation Agent or the Issuer to determine any Rate of Interest and/or calculate any Interest Amount using the Original Reference Rate (including, without limitation, under Regulation (EU) No. 2016/1011 (including as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018), if applicable).

**Original Reference Rate** means the benchmark or screen rate (as applicable) originally specified in the applicable Pricing Supplement for the purposes of determining the relevant Rate of Interest (or any component part thereof) in respect of the Notes (provided that if, following one or more Benchmark Events, such originally specified benchmark or screen rate (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate and a Benchmark Event subsequently occurs in respect of such Successor Rate or Alternative Rate, the term “Original Reference Rate” shall include any such Successor Rate or Alternative Rate);

**Relevant Nominating Body** means, in respect of a benchmark or screen rate (as applicable):

- (A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof; and

**Successor Rate** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

14. 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.

15. 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).

16. The governing law of the Notes will be specified in the applicable Pricing Supplement.

(a) **English Law**

If English law is specified as the governing law of the Notes in the applicable Pricing Supplement, the provisions of this paragraph 16(a) shall apply to this Global Note.

- (i) *Governing law:* This Global Note (except for paragraphs 5 and 20) and any non-contractual obligations arising out of or in connection with this Global Note (except for paragraphs 5 and 20) are governed by, and shall be construed in accordance with, English law. Paragraphs 5 and 20 of this Global Note (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.
- (ii) *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.
- (iii) *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.
- (iv) *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.
- (v) *Bail-In:* Notwithstanding the above, the Spanish courts in the city of Madrid have exclusive jurisdiction to settle any dispute arising out of or in connection with the application of any

Spanish Bail-In Power by the Relevant Spanish Resolution Authority (a **Bail-in Dispute**) and accordingly each of the Issuer and any Noteholders in relation to any Bail-in Dispute submits to the exclusive jurisdiction of the Spanish courts. Each of the Issuer and any Noteholders in relation to any Bail-in Dispute further waives any objection to the Spanish courts on the grounds that they are an inconvenient or inappropriate forum to settle any Bail-in Dispute.

- (vi) *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.

(b) **Spanish law**

If Spanish law is specified as the governing law of the Notes in the applicable Pricing Supplement, the provisions of this paragraph 16(b) shall apply to this Global Note.

- (i) *Governing law:* This Global Note 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, Spanish law.
- (ii) *Submission to jurisdiction:* The Issuer hereby irrevocably agrees that the courts of Spain in the city of Madrid are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes (including a dispute relating to any non-contractual obligations arising out of or in connection with the Notes) and that accordingly any suit, action or proceedings arising out of or in connection with the Notes (together referred to as **Spanish Proceedings**) may be brought in such courts. The Issuer irrevocably waives any objection which it may have now or hereinafter to the laying of the venue of any Spanish Proceedings in the courts of Spain in the city of Madrid. To the extent permitted by law, nothing contained in this paragraph 15(b) shall limit any right of any Noteholder to take Spanish Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Spanish Proceedings in one or more jurisdictions preclude the taking of Spanish Proceedings in any other competent jurisdictions, whether concurrently or not.

In addition, the Spanish courts in the city of Madrid have exclusive jurisdiction to settle any Bail-in Dispute and accordingly each of the Issuer and any Noteholders in relation to any Bail-in Dispute submits to the exclusive jurisdiction of the Spanish courts. Each of the Issuer and any Noteholders in relation to any Bail-in Dispute further waives any objection to the Spanish courts on the grounds that they are an inconvenient or inappropriate forum to settle any Bail-in Dispute.

- 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 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, and as amended, replaced or supplemented from time to time and including any other relevant implementing regulatory provisions;

**regulated entity** means any entity eligible for resolution under the laws 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 of the resolution tools and powers contained in Law 11/2015 and the SRM Regulation from time to time;



**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 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); and

**SRM Regulation** means 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 the Single Resolution Mechanism and the Single Resolution Fund and amending Regulation (EU) No. 1093/2010, as amended or replaced from time to time.

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

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

By: .....  
(Authorised Signatory)

By: .....  
(Authorised Signatory)

**EFFECTUATED<sup>‡</sup>** by or on behalf of  
**[COMMON SAFEKEEPER]**  
as common safekeeper

By: .....  
(Authorised Signatory)

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<sup>‡</sup> 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 NOTES 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 10th December, 2021 (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 (**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 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 (provided this is not a floating rate interest bearing Note) or on any Interest Payment Date (if 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 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:

- (i) 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
- (ii) 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 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 the restated text of the Insolvency Law approved by Royal Legislative Decree 1/2020, of 5th May (*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, 433 and 435 of the Insolvency Law and other applicable laws relating to or affecting the enforcement of creditors' rights in 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 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, interest shall be calculated on the Nominal Amount as follows:

- (a) 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:
  - (i) 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;
  - (ii) 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

- (iii) 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) (i) in the case of a Note which specifies Compounded Daily SONIA 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 365 days at a rate (the **Rate of Interest**) determined on the following basis. The Rate of Interest with respect to each Interest Period will, subject as provided below, be Compounded Daily SONIA for such Interest Period plus or minus the Margin (if any) as specified in the applicable Pricing Supplement, all as determined and calculated by the Calculation Agent.

**Compounded Daily SONIA** means, with respect to an Interest Period,

- (A) if Index Determination is specified as being applicable in the applicable Pricing Supplement, the rate determined by the Calculation Agent on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards):

$$\left( \frac{\text{SONIA Compounded Index}_y}{\text{SONIA Compounded Index}_x} - 1 \right) \times \frac{365}{d}$$

where:

**SONIA Compounded Index<sub>x</sub>** is the SONIA Compounded Index for the day falling *p* London Banking Days prior to the first day of the relevant Interest Period;

**SONIA Compounded Index<sub>y</sub>** is the SONIA Compounded Index for the day falling *p* London Banking Days prior to the last day of such Interest Period (but which by its definition is excluded from such Interest Period);

**d** is the number of calendar days in the relevant SONIA Observation Period;

*provided* that if the SONIA Compounded Index required to determine SONIA Compounded Index<sub>x</sub> or SONIA Compounded Index<sub>y</sub> does not appear on the Bank of England's Interactive Statistical Database, or any successor source, at the Specified Time on the relevant London Banking Day (or by 5:00 p.m. London time or such later time falling one hour after the customary or scheduled time for publication of the SONIA Compounded Index in accordance with the then-prevailing operational procedures of the administrator of the SONIA Reference Rate or relevant authorised



distributors, as the case may be), Compounded Daily SONIA for such Interest Period and each subsequent Interest Period shall be Compounded Daily SONIA determined in accordance with paragraph (B) below and for these purposes the Observation Method shall be deemed to be “Shift”; or

- (B) if either (x) Index Determination is specified as being not applicable in the applicable Pricing Supplement, or (y) this paragraph 8(b)(i)(B) applies to such Interest Period pursuant to the proviso in paragraph 8(b)(i)(A) above, the rate determined by the Calculation Agent on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards):

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{SONIA_{i-pLBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

**d** is the number of calendar days in (where in the applicable Pricing Supplement “Lag” is specified as the Observation Method) the relevant Interest Period or (where in the applicable Pricing Supplement “Shift” is specified as the Observation Method) the SONIA Observation Period;

**d<sub>o</sub>** is the number of London Banking Days in (where in the applicable Pricing Supplement “Lag” is specified as the Observation Method) the relevant Interest Period or (where in the applicable Pricing Supplement “Shift” is specified as the Observation Method) the SONIA Observation Period;

**i** is a series of whole numbers from one to d<sub>o</sub>, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in (where in the applicable Pricing Supplement “Lag” is specified as the Observation Method) the relevant Interest Period or (where in the applicable Pricing Supplement “Shift” is specified as the Observation Method) the relevant SONIA Observation Period;

**n<sub>i</sub>**, for any London Banking Day *i*, is the number of calendar days from (and including) such London Banking Day *i* up to (but excluding) the following London Banking Day;

**SONIA<sub>i-pLBD</sub>** means:

- (a) where in the applicable Pricing Supplement “Lag” is specified as the Observation Method, in respect of any London Banking Day *i* falling in the relevant Interest Period, the SONIA Reference Rate for the London Banking Day falling *p* London Banking Days prior to such day; or
- (b) where in the applicable Pricing Supplement “Shift” is specified as the Observation Method, SONIA<sub>i-pLBD</sub> shall be replaced in the above formula with SONIA<sub>i</sub>, where SONIA<sub>i</sub> means, in respect of any London Banking Day *i* falling in the relevant SONIA Observation Period, the SONIA Reference Rate for such day.

- (ii) In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions, the Rate of Interest shall be the Rate of Interest:

- (A) as determined at the last preceding Interest Determination Date; or
  - (B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Notes for the first scheduled Interest Period had the Notes been in issue for a period equal in duration to the first scheduled Interest Period but ending on (and excluding) the Interest Commencement Date.
- (iii) For the purposes of this paragraph 8(b):

**London Banking Day** or **LBD** means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

**Observation Look-Back Period** is as specified in the applicable Pricing Supplement;

**p** means the number of London Banking Days included in the Observation Look-Back Period, as specified in the applicable Pricing Supplement;

**SONIA Compounded Index** means, in respect of any London Banking Day, the compounded daily SONIA rate for such London Banking Day as published by the Bank of England (or a successor administrator of SONIA) on the Bank of England's Interactive Statistical Database, or any successor source, at the Specified Time on such London Banking Day;

**SONIA Observation Period** means the period from (and including) the date falling *p* London Banking Days prior to the first day of the relevant Interest Period to (but excluding) the date falling *p* London Banking Days prior to the Interest Payment Date for such Interest Period or such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period);

**SONIA Reference Rate** means, in respect of any London Banking Day, the daily Sterling Overnight Index Average (**SONIA**) rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page (or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors) on the London Banking Day immediately following such London Banking Day, *provided* that if, in respect of any London Banking Day, the applicable SONIA Reference Rate is not made available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, then (unless the Calculation Agent has been notified of any Successor Rate or Alternative Rate (and any related Adjustment Spread and/or Benchmark Amendments) pursuant to paragraph 9 below, if applicable) the SONIA Reference Rate in respect of such London Banking Day shall be:

- (A) the sum of (i) the Bank of England's Bank Rate (the **Bank Rate**) prevailing at 5.00 p.m. (or, if earlier, close of business) on such London Banking Day; plus (ii) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five London Banking Days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and the lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads); or
- (B) if such Bank Rate is not available as provided in paragraph (A)(i) above, the SONIA Reference Rate published on the Relevant Screen Page (or

otherwise published by the relevant authorised distributors) for the first preceding London Banking Day on which the SONIA Reference Rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) or (ii) if more recent, the latest rate determined under paragraph (A) above; and

**Specified Time** means 10:00 a.m., London time, or such other time as is specified in the applicable Pricing Supplement.

- (c) (i) in the case of a Note which specifies Compounded Daily SOFR 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. The Rate of Interest with respect to each Interest Period will, subject as provided below, be Compounded Daily SOFR for such Interest Period plus or minus the Margin (if any) as specified in the applicable Pricing Supplement, all as determined and calculated by the Calculation Agent.

**Compounded Daily SOFR** means, with respect to an Interest Period,

- (A) if Index Determination is specified as being applicable in the applicable Pricing Supplement, the rate determined by the Calculation Agent on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards):

$$\left( \frac{\text{SOFR Index}_{\text{End}}}{\text{SOFR Index}_{\text{Start}}} - 1 \right) \times \left( \frac{360}{d} \right)$$

where:

**SOFR Index<sub>Start</sub>** is the SOFR Index value for the day that is "p" U.S. Government Securities Business Days preceding the first day of the relevant Interest Period;

**SOFR Index<sub>End</sub>** is the SOFR Index value for the day that is "p" U.S. Government Securities Business Days preceding the last day of the relevant Interest Period; and

**d** is the number of calendar days in the relevant SOFR Observation Period;

*provided* that, if the SOFR Index value required to determine SOFR Index<sub>Start</sub> or SOFR Index<sub>End</sub> does not appear on the SOFR Administrator's Website at the Specified Time on the relevant U.S. Government Securities Business Day (or by 3:00 pm New York City time on the immediately following US Government Securities Business Day or such later time falling one hour after the customary or scheduled time for publication of the SOFR Index value in accordance with the then-prevailing operational procedures of the administrator of SOFR Index), "Compounded Daily SOFR" for such Interest Period and each Interest Period thereafter will be determined in accordance with paragraph (B) below; or

- (B) if either (x) Index Determination is specified as being not applicable in the applicable Pricing Supplement, or (y) this paragraph 8(c)(i)(B) applies to such Interest Period pursuant to the proviso in paragraph 8(c)(i)(A) above, the rate determined by the Calculation Agent on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards):

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{SOFR_i \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

where:

**d** is the number of calendar days in the relevant SOFR Observation Period;

**d<sub>0</sub>** is the number of U.S. Government Securities Business Days in the relevant SOFR Observation Period;

**i** is a series of whole numbers from one to **d<sub>0</sub>**, each representing the relevant U.S. Government Securities Business Days in chronological order from, and including, the first U.S. Government Securities Business Day in the relevant SOFR Observation Period;

**n<sub>i</sub>**, for any U.S. Government Securities Business Day *i*, in the relevant SOFR Observation Period, is the number of calendar days from (and including) such U.S. Government Securities Business Day *i* up to but excluding the following U.S. Government Securities Business Day (“*i*+1”); and

**SOFR<sub>i</sub>** means, in respect of any U.S. Government Securities Business Day *i* falling in the relevant SOFR Observation Period, the SOFR Reference Rate for such U.S. Government Securities Business Day.

- (ii) If a SOFR Benchmark Replacement is required at any time to be used pursuant to paragraph (3) of the definition of SOFR Reference Rate, then in connection with determining the SOFR Benchmark Replacement:
- (A) the SOFR Benchmark Replacement Agent shall also determine the method for determining the rate described in sub-paragraph (a) of paragraph (1), (2) or (3) of the definition of SOFR Benchmark Replacement, as applicable (including (i) the page, section or other part of a particular information service on or source from which such rate appears or is obtained (the **Relevant Source**), (ii) the time at which such rate appears on, or is obtained from, the Relevant Source (the **Alternative Specified Time**), (iii) the day on which such rate will appear on, or is obtained from, the Relevant Source in respect of each U.S. Government Securities Business Day (the **Relevant Date**), and (iv) any alternative method for determining such rate if is unavailable at the Alternative Specified Time on the applicable Relevant Date), which method shall be consistent with industry-accepted practices for such rate;
- (B) from (and including) the Affected Day, references to the Specified Time shall be deemed to be references to the Alternative Specified Time;

(C) if the SOFR Benchmark Replacement Agent determines that (i) changes to the definitions of Business Day, Compounded Daily SOFR, Day Count Convention, Interest Determination Date, Interest Payment Date, Interest Period, SOFR Observation Period, SOFR Reference Rate or U.S. Government Securities Business Day or (ii) any other technical changes to any other provision described in paragraph 8(c), are necessary in order to implement the SOFR Benchmark Replacement (including any alternative method described in sub-paragraph (iv) of paragraph (I) above) as the SOFR Benchmark in a manner substantially consistent with market practice (or, if the SOFR Benchmark Replacement Agent decides that adoption of any portion of such market practice is not administratively feasible or if the SOFR Benchmark Replacement Agent determines that no market practice for use of the SOFR Benchmark Replacement exists, in such other manner as the SOFR Benchmark Replacement Agent, as the case may be, determines is reasonably necessary), the Issuer, the Issuing and Paying Agent and the Calculation Agent shall agree without any requirement for the consent or approval of Noteholders to the necessary modifications to this Note and/or the Agency Agreement in order to provide for the amendment of such definitions or other provisions to reflect such changes; and

(D) the Issuer will give notice or will procure that notice is given as soon as practicable to the Issuing and Paying Agent, the Calculation Agent and to the Noteholders, specifying the SOFR Benchmark Replacement, as well as the details described in paragraph (A) above and the amendments implemented pursuant to paragraph (C) above.

(iii) For the purposes of this paragraph 8(c):

**Corresponding Tenor** means, with respect to a SOFR Benchmark Replacement, a tenor (including overnight) having approximately the same length (disregarding any applicable Business Day Convention) as the applicable tenor for the then-current SOFR Benchmark;

**Independent Adviser** means an independent financial institution of international repute or other independent adviser of recognised standing with appropriate expertise appointed by the Issuer at its own expense;

**ISDA Fallback Adjustment** means, with respect to any ISDA Fallback Rate, the spread adjustment, which may be a positive or negative value or zero, that would be applied to such ISDA Fallback Rate in the case of derivative transactions referencing the ISDA Definitions that will be effective upon the occurrence of an index cessation event with respect to the then-current SOFR Benchmark for the applicable tenor;

**ISDA Fallback Rate** means, with respect to the then-current SOFR Benchmark, the rate that would apply for derivative transactions referencing the ISDA Definitions that will be effective upon the occurrence of an index cessation date with respect to the then-current SOFR Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

**Observation Look-Back Period** is as specified in the applicable Pricing Supplement;

**p** means the number of U.S. Government Securities Business Days included in the Observation Look-Back Period, as specified in the applicable Pricing Supplement;

**Relevant Governmental Body** means the Board of Governors of the Federal Reserve System and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System and/or the Federal Reserve Bank of New York or any successor thereto;

**SOFR** means, in respect of any U.S. Government Securities Business Day, the daily secured overnight financing rate for such U.S. Government Securities Business Day as provided by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate);

**SOFR Administrator** means the Federal Reserve Bank of New York (or a successor administrator of the Secured Overnight Financing Rate);

**SOFR Administrator's Website** means the website of the Federal Reserve Bank of New York, or any successor source;

**SOFR Benchmark** means SOFR, provided that if a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred with respect to SOFR or such other then-current SOFR Benchmark, then "SOFR Benchmark" means the applicable SOFR Benchmark Replacement;

**SOFR Benchmark Replacement** means, with respect to the then-current SOFR Benchmark, the first alternative set forth in the order presented below that can be determined by the SOFR Benchmark Replacement Agent as of the SOFR Benchmark Replacement Date with respect to the then-current SOFR Benchmark:

- (1) the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current SOFR Benchmark for the applicable Corresponding Tenor and (b) the SOFR Benchmark Replacement Adjustment; or
- (2) the sum of (a) the ISDA Fallback Rate and (b) the SOFR Benchmark Replacement Adjustment;
- (3) the sum of: (a) the alternate rate of interest that has been selected by the SOFR Benchmark Replacement Agent as the replacement for the then-current Benchmark for the applicable Corresponding Tenor, provided that, (i) if the SOFR Benchmark Replacement Agent determines that there is an industry-accepted replacement rate of interest for the then-current Benchmark for U.S. dollar-denominated floating rate notes at such time, it shall select such industry-accepted rate, and (ii) otherwise, it shall select such rate of interest that it has determined is most comparable to the then-current Benchmark, and the Benchmark Replacement Adjustment;

**SOFR Benchmark Replacement Adjustment** means, with respect to any Benchmark Replacement, the first alternative set forth in the order below that can be determined by the SOFR Benchmark Replacement Agent, if any, as of the Benchmark Replacement Date with respect to the then-current Benchmark:

- (1) the spread adjustment, or method for calculating or determining such spread adjustment, which may be a positive or negative value or zero, that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (2) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment;

- (3) the spread adjustment, which may be a positive or negative value or zero, that has been selected by the SOFR Benchmark Replacement Agent to be applied to the applicable Unadjusted SOFR Benchmark Replacement in order to reduce or eliminate, to the extent reasonably practicable under the circumstances, any economic prejudice or benefit (as applicable) to Noteholders as a result of the replacement of the then-current SOFR Benchmark with such Unadjusted SOFR Benchmark Replacement for the purposes of determining the SOFR Reference Rate, which spread adjustment shall be consistent with any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, applied to such Unadjusted SOFR Benchmark Replacement where it has replaced the then-current SOFR Benchmark for U.S. dollar denominated floating rate notes at such time;

**SOFR Benchmark Replacement Agent** means any person that has been appointed by the Issuer to make the calculations and determinations to be made by the SOFR Benchmark Replacement Agent described herein that may be made by either the SOFR Benchmark Replacement Agent or the Issuer, so long as such person is a leading bank or other financial institution or a person with appropriate expertise, in each case that is experienced in such calculations and determinations;

**SOFR Benchmark Replacement Date** means, with respect to the then-current SOFR Benchmark, the earliest to occur of the following events with respect thereto:

- (1) in the case of sub-paragraph (1) or (2) of the definition of SOFR Benchmark Transition Event, the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the SOFR Benchmark permanently or indefinitely ceases to provide the SOFR Benchmark; or
- (2) in the case of sub-paragraph (3) of the definition of SOFR Benchmark Transition Event, the date of the public statement or publication of information referenced therein.

If the event giving rise to the SOFR Benchmark Replacement Date occurs on the same day as, but earlier than, the Specified Time in respect of any determination, the SOFR Benchmark Replacement Date will be deemed to have occurred prior to the Specified Time for such determination;

**SOFR Benchmark Transition Event** means, with respect to the then-current SOFR Benchmark, the occurrence of one or more of the following events with respect thereto:

- (1) a public statement or publication of information by or on behalf of the administrator of the SOFR Benchmark announcing that such administrator has ceased or will cease to provide the SOFR Benchmark, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the SOFR Benchmark;
- (2) a public statement or publication of information by the regulatory supervisor for the administrator of the SOFR Benchmark, the central bank for the currency of the SOFR Benchmark, an insolvency official with jurisdiction over the administrator for the SOFR Benchmark, a resolution authority with jurisdiction over the administrator for the SOFR Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator

for the SOFR Benchmark, which states that the administrator of the SOFR Benchmark has ceased or will cease to provide the SOFR Benchmark permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the SOFR Benchmark; or

- (3) a public statement or publication of information by the regulatory supervisor for the administrator of the SOFR Benchmark announcing that the SOFR Benchmark is no longer representative;

**SOFR Index** means, in respect of any U.S. Government Securities Business Day, the compounded daily SOFR rate for such U.S. Government Securities Business Day as published by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate) on the SOFR Administrator's Website;

**SOFR Index value** means, in respect of any U.S. Government Securities Business Day, the value of the SOFR Index published for such U.S. Government Securities Business Day as such value appears on the by the SOFR Administrator's Website at the Specified Time on such U.S. Government Securities Business Day;

**SOFR Observation Period** means, in respect of any Interest Period, the period from (and including) the date falling "p" U.S. Government Securities Business Days prior to the first day of such Interest Period to (but excluding) the date falling *p* U.S. Government Securities Business Days prior to the Interest Payment Date for such Interest Period or such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period); and

**SOFR Reference Rate** means, in respect of any U.S. Government Securities Business Day:

- (1) a rate equal to SOFR for such U.S. Government Securities Business Day appearing on the SOFR Administrator's Website on or about the Specified Time on the U.S. Government Securities Business Day immediately following such U.S. Government Securities Business Day; or
- (2) if SOFR in respect of such U.S. Government Securities Business Day does not appear as specified in paragraph (1), unless the SOFR Benchmark Replacement Agent determines that a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred with respect to SOFR on or prior to the Specified Time on the U.S. Government Securities Business Day immediately following such U.S. Government Securities Business Day, SOFR in respect of the last U.S. Government Securities Business Day for which such rate was published on the SOFR Administrator's Website; or
- (3) if the SOFR Benchmark Replacement Agent determines that a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred with respect to the then-current SOFR Benchmark on or prior to the Specified Time on the U.S. Government Securities Business Day immediately following such U.S. Government Securities Business Day (or, if the then-current SOFR Benchmark is not SOFR, on or prior to the Specified Time on the Relevant Date), then (subject to the subsequent operation of this paragraph (3)) from (and including) the U.S. Government Securities Business Day immediately following such U.S. Government



Securities Business Day (or the Relevant Date, as applicable) (the "Affected Day"), the SOFR Reference Rate shall mean, in respect of any U.S. Government Securities Business Day, the applicable SOFR Benchmark Replacement for such U.S. Government Securities Business Day appearing on, or obtained from, the Relevant Source at the Specified Time on the Relevant Date.

**Specified Time** means 3:00 p.m., New York City time or such other time as is specified in the applicable Pricing Supplement;

**Unadjusted SOFR Benchmark Replacement** means the SOFR Benchmark Replacement excluding the SOFR Benchmark Replacement Adjustment; and

**U.S. Government Securities Business Day** means any day, except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association or any successor organisation recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

- (iv) Notwithstanding the other provisions of this paragraph 8(c), in the event the SOFR Benchmark Replacement Agent determines it appropriate, in its sole discretion, to consult with an Independent Adviser in connection with any determination to be made by the Benchmark Calculation Agent pursuant to this paragraph 8(c), the Bank shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, for the purposes of any such consultation.

An Independent Adviser appointed pursuant to this paragraph 8(c) shall act in good faith in a commercially reasonable manner but shall have no relationship of agency or trust with the Noteholders and (in the absence of fraud) shall have no liability whatsoever to the Benchmark Calculation Agent or the Noteholders for any determination made by it or for any advice given to the Benchmark Calculation Agent in connection with any determination made by the Benchmark Calculation Agent pursuant to this paragraph 8(c) or otherwise in connection with the Notes.

If the SOFR Benchmark Replacement Agent consults with an Independent Adviser as to the occurrence of any SOFR Benchmark Transition Event and/or the related SOFR Benchmark Replacement Date, a written determination of that Independent Adviser in respect thereof shall be conclusive and binding on all parties, save in the case of manifest error, and (in the absence of fraud) the SOFR Benchmark Replacement Agent shall have no liability whatsoever to any Noteholders in respect of anything done, or omitted to be done, in relation to that matter in accordance with any such written determination or otherwise in connection with the Notes.

- (v) Any determination, decision or election that may be made by the SOFR Benchmark Replacement Agent pursuant to paragraph 8(c)(i)(B), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event (including any determination that a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred with respect to the then-current SOFR Benchmark), circumstance or date and any decision to take or refrain from taking any action or any selection, will be made in the sole discretion of the SOFR Benchmark Replacement Agent, acting in good faith and in a commercially reasonable manner.
- (d) the Calculation Agent will, as soon as practicable after 11.00 a.m. (Brussels time) on each EURIBOR Interest Determination Date or at the applicable Specified Time if the Reference Rate is specified to be either Compounded Daily SONIA or Compounded Daily SOFR, (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 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;

- (e) 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;
- (f) 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
- (g) 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. By its acquisition of the Notes, each Noteholder (which for these purposes includes each holder of a beneficial interest in the Notes) will be deemed to have expressly consented to the application of the provisions of this paragraph 9. Without any requirement for any further consent or approval of the Noteholders and notwithstanding the provisions in paragraphs 8(b) or 8(c) above, as the case may be, (in the case of Notes other than where the Reference Rate is specified in the applicable Pricing Supplement as being Compounded Daily SOFR, in which case the provisions of this paragraph 9 shall not apply) if the Issuer or the Benchmark Calculation Agent (in consultation with the Issuer, where the Benchmark Calculation Agent is a party other than the Issuer, or, if the Benchmark Calculation Agent deems it appropriate, an Independent Adviser) determines that a Benchmark Event has occurred in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to that Original Reference Rate, then the following provisions of this paragraph 9 shall apply.

(i) *Successor Rate or Alternative Rate*

If the Benchmark Calculation Agent, acting in good faith and in a commercially reasonable manner, and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines in its sole discretion that:

- (A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in paragraph 9(ii)) subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s)

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\* If this Note is denominated in Sterling, delete paragraphs 6 through 9 inclusive and replace with interest provisions to be included on the reverse of the Note as indicated below.

thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this paragraph 9); or

- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in paragraph 9(ii)) subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this paragraph 9).

(ii) *Adjustment Spread*

If the Benchmark Calculation Agent, acting in good faith and in a commercially reasonable manner, and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines in its sole discretion that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be), then the Benchmark Calculation Agent shall, if necessary, calculate such Adjustment Spread and apply such Adjustment Spread to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

(iii) *Benchmark Amendments*

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this paragraph 9 and the Benchmark Calculation Agent, acting in good faith and in a commercially reasonable manner, and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines in its sole discretion (A) that amendments to this Global Note are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the **Benchmark Amendments**) and (B) the terms of the Benchmark Amendments, then the Issuer and the Benchmark Calculation Agent, as applicable, shall, subject to giving notice thereof in accordance with paragraph 9(v), without any requirement for the consent or approval of Noteholders agree to the necessary modifications to this Global Note to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such modifications in accordance with this paragraph 9(iii), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(iv) *Benchmark Calculation Agent and any Independent Adviser*

In the event the Benchmark Calculation Agent determines it appropriate, in its sole discretion, to consult with an Independent Adviser in connection with any determination to be made by the Benchmark Calculation Agent pursuant to this paragraph 9, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, for the purposes of any such consultation.

An Independent Adviser appointed pursuant to this paragraph 9 shall act in good faith in a commercially reasonable manner but shall have no relationship of agency or trust with the Noteholders and (in the absence of fraud) shall have no liability whatsoever to the Benchmark Calculation Agent or the Noteholders for any determination made by it or for any advice given to the Benchmark Calculation Agent in connection with any determination

made by the Benchmark Calculation Agent pursuant to this paragraph 9 or otherwise in connection with the Notes.

If the Benchmark Calculation Agent consults with an Independent Adviser as to the occurrence of any Benchmark Event and/or whether there is a Successor Rate or an Alternative Rate and/or any Adjustment Spread is required to be applied and/or in relation to the quantum of, or any formula or methodology for determining such Adjustment Spread and/or whether any Benchmark Amendments are necessary and/or in relation to the terms of any such Benchmark Amendments, a written determination of that Independent Adviser in respect thereof shall be conclusive and binding on all parties, save in the case of manifest error, and (in the absence of fraud) the Benchmark Calculation Agent shall have no liability whatsoever to any Noteholders in respect of anything done, or omitted to be done, in relation to that matter in accordance with any such written determination or otherwise in connection with the Notes.

(v) *Notice*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this paragraph 9 will be notified promptly by the Issuer to the Issuing and Paying Agent and the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

(vi) *Survival of Original Reference Rate Provisions*

Without prejudice to the obligations of the Benchmark Calculation Agent and the Issuer under this paragraph 9, the Original Reference Rate and the applicable Pricing Supplement, as the case may be, will continue to apply unless and until the Benchmark Calculation Agent has determined the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with the relevant provisions of this paragraph 9.

(vii) *Definitions*

In this paragraph 9, the following expressions shall have the following meanings:

**Adjustment Spread** means either a spread, or the formula or methodology for calculating a spread and the spread resulting from such calculation, which spread may in either case be positive or negative and is to be applied to the Successor Rate or the Alternative Rate (as the case may be) where the Original Reference Rate is replaced with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) in the case of a Successor Rate if no such spread, formula or methodology is formally recommended or provided as an option by any Relevant Nominating Body or in the case of an Alternative Rate, is in customary market usage in the international debt capital market for transactions which reference the Original Reference Rate, where such rate has been replaced by the Alternative Rate,

or if no such recommendation or option has been made (or made available), or the Benchmark Calculation Agent, acting in good faith and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines there is no such spread, formula or methodology in customary market usage, the

spread, formula or methodology which the Benchmark Calculation Agent, following consultation with an Independent Adviser, and acting in good faith and a commercially reasonable manner, determines in its sole discretion:

- (A) is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (B) if the Benchmark Calculation Agent so determines that no such industry standard is recognised or acknowledged, to be appropriate, having regard to the objective, so far as is reasonably practicable in the circumstances, of reducing or eliminating any economic prejudice or benefit (as the case may be) to Noteholders, as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be),

and in either such case, which the Benchmark Calculation Agent, following consultation with an Independent Adviser and acting in good faith and in a commercially reasonable manner, determines is required to be so applied;

**Alternative Rate** means an alternative benchmark or screen rate which the Benchmark Calculation Agent determines in accordance with this paragraph 9 is used in place of the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for a commensurate interest period or reset period, as applicable, and in the same Specified Currency as the Notes;

**Benchmark Calculation Agent** means the Calculation Agent in respect of the Notes unless (i) where such party is a party other than the Issuer, that party fails to perform or notifies the Issuer that it is unable to perform any of its duties or obligations as Benchmark Calculation Agent under this paragraph 9 or (ii) where such party is the Issuer, the Issuer determines in its sole discretion to appoint another party as Benchmark Calculation Agent, in which case for each of (i) and (ii) above, the Benchmark Calculation Agent shall be such other party as is appointed by the Issuer to act as Benchmark Calculation Agent, which party may, in the case of (i) above, include the Issuer or an affiliate of the Issuer and shall be a leading bank or financial institution, or another party of recognised standing and with appropriate expertise to make the determinations and/or calculations to be made by the Benchmark Calculation Agent;

**Benchmark Event** means:

- (A) the Original Reference Rate ceasing to be published for at least five business days or ceasing to exist or be administered;
- (B) the later of (a) the making of a public statement by the administrator of the Original Reference Rate that it will, by a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (b) the date falling six months prior to such specified date;
- (C) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued, is prohibited from being used or is no longer representative or will no longer be representative, or that its use is subject to restrictions or adverse consequences or, where such discontinuation, prohibition,

restrictions or adverse consequences are to apply from a specified date after the making of any public statement to such effect, the later of the date of the making of such public statement and the date falling six months prior to such specified date; or

- (D) it has or will prior to the next Interest Determination Date or Reset Determination Date, as applicable, become unlawful for the Calculation Agent or the Issuer to determine any Rate of Interest and/or calculate any Interest Amount using the Original Reference Rate (including, without limitation, under Regulation (EU) No. 2016/1011 (including as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018), if applicable).

**Original Reference Rate** means the benchmark or screen rate (as applicable) originally specified in the applicable Pricing Supplement for the purposes of determining the relevant Rate of Interest (or any component part thereof) in respect of the Notes (provided that if, following one or more Benchmark Events, such originally specified benchmark or screen rate (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate and a Benchmark Event subsequently occurs in respect of such Successor Rate or Alternative Rate, the term “Original Reference Rate” shall include any such Successor Rate or Alternative Rate);

**Relevant Nominating Body** means, in respect of a benchmark or screen rate (as applicable):

- (E) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (F) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof; and

**Successor Rate** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

- 10. 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

- (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.
- 11. This Note shall not be validly issued unless manually authenticated by The Bank of New York Mellon, London Branch as Issuing and Paying Agent.
- 12 The governing law of the Notes will be specified in the applicable Pricing Supplement.
- (a) **English Law**

If English law is specified as the governing law of the Notes in the applicable Pricing Supplement, the provisions of this paragraph 12(a) shall apply to this Note.

- (i) *Governing law:* This Note (except for paragraphs 3 and 16) and any non-contractual obligations arising out of or in connection with this Note (except for paragraphs 3 and 16) are governed by, and shall be construed in accordance with, English law. Paragraphs 3 and 16 of this Note (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.
- (ii) *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.
- (iii) *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.
- (iv) *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.
- (v) *Bail-In:* Notwithstanding the above, the Spanish courts in the city of Madrid have exclusive jurisdiction to settle any dispute arising out of or in connection with the application of any Spanish Bail-In Power by the Relevant Spanish Resolution Authority (a **Bail-in Dispute**) and accordingly each of the Issuer and any Noteholders in relation to any Bail-in Dispute submits to the exclusive jurisdiction of the Spanish courts. Each of the Issuer and any Noteholders in relation to any Bail-in Dispute further waives any objection to the Spanish courts on the grounds that they are an inconvenient or inappropriate forum to settle any Bail-in Dispute.
- (vi) *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.

(b) **Spanish law**

If Spanish law is specified as the governing law of the Notes in the applicable Pricing Supplement, the provisions of this paragraph 12(b) shall apply to this Note.

- (i) *Governing law:* This Note and any non-contractual obligations arising out of or in connection with this Note are governed by, and shall be construed in accordance with, Spanish law.
- (ii) *Submission to jurisdiction:* The Issuer hereby irrevocably agrees that the courts of Spain in the city of Madrid are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes (including a dispute relating to any non-contractual obligations arising out of or in connection with *the* Notes) and that accordingly any suit, action or proceedings arising out of or in connection with the Notes (together referred to as **Spanish Proceedings**) may be brought in such courts. The Issuer irrevocably waives any objection which it may have now or hereinafter to the laying of the venue of any Spanish Proceedings in the courts of Spain in the city of Madrid. To the extent permitted by law, nothing contained in this paragraph 12(b) shall limit any right of any Noteholder to take Spanish Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Spanish Proceedings in one or more jurisdictions preclude the taking of Spanish Proceedings in any other competent jurisdictions, whether concurrently or not.

In addition, the Spanish courts in the city of Madrid have exclusive jurisdiction to settle any Bail-in Dispute and accordingly each of the Issuer and any Noteholders in relation to any Bail-in Dispute submits to the exclusive jurisdiction of the Spanish courts. Each of the Issuer and any Noteholders in relation to any Bail-in Dispute further waives any objection to the Spanish courts on the grounds that they are an inconvenient or inappropriate forum to settle any Bail-in Dispute.

- 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 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, and as amended, replaced or supplemented from time to time and including any other relevant implementing regulatory provisions;

**regulated entity** means any entity eligible for resolution under the laws 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 of the resolution tools and powers contained in Law 11/2015 and the SRM Regulation from time to time;

**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 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); and

**SRM Regulation** means 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 the Single Resolution Mechanism and the Single Resolution Fund and amending Regulation (EU) No. 1093/2010, as amended or replaced from time to time.

**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*)]<sup>†</sup>

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

By: .....  
(*Authorised Signatory*)

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<sup>†</sup> Include second authentication block if the currency of this Note is denominated in 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:

- (a) in the case of a Note which specifies Compounded Daily SONIA 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 365 days at a rate (the **Rate of Interest**) determined on the following basis. The Rate of Interest with respect to each Interest Period will, subject as provided below, be Compounded Daily SONIA for such Interest Period plus or minus the Margin (if any) as specified in the applicable Pricing Supplement, all as determined and calculated by the Calculation Agent.

(i) **Compounded Daily SONIA** means, with respect to an Interest Period,

- (I) if Index Determination is specified as being applicable in the applicable Pricing Supplement, the rate determined by the Calculation Agent on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards):

$$\left( \frac{SONIA \text{ Compounded Index}_y}{SONIA \text{ Compounded Index}_x} - 1 \right) \times \frac{365}{d}$$

where:

**SONIA Compounded Index<sub>x</sub>** is the SONIA Compounded Index for the day falling *p* London Banking Days prior to the first day of the relevant Interest Period;

**SONIA Compounded Index<sub>y</sub>** is the SONIA Compounded Index for the day falling *p* London Banking Days prior to the last day of such Interest Period (but which by its definition is excluded from such Interest Period);

**d** is the number of calendar days in the relevant SONIA Observation Period;

*provided* that if the SONIA Compounded Index required to determine SONIA Compounded Index<sub>x</sub> or SONIA Compounded Index<sub>y</sub> does not appear on the Bank of England's Interactive Statistical Database, or any successor source, at the Specified Time on the relevant London Banking Day (or by 5:00 p.m. London time or such later time falling one hour after the customary or scheduled time for publication of the SONIA Compounded Index in accordance with the then-prevailing operational procedures of the administrator of the SONIA Reference Rate or relevant authorised distributors, as the case may be), Compounded Daily SONIA for such Interest Period and each subsequent Interest Period shall be *Compounded Daily SONIA* determined in accordance with paragraph (II) below and for these purposes the Observation Method shall be deemed to be “Shift”; or

- (II) if either (x) Index Determination is specified as being not applicable in the applicable Pricing Supplement, or (y) this paragraph (C)(a)(i)(II) applies to such Interest Period pursuant to the proviso in paragraph (C)(a)(i)(I) above, the rate determined by the Calculation Agent on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards):

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{SONIA_{i-pLBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

**d** is the number of calendar days in (where in the applicable Pricing Supplement “Lag” is specified as the Observation Method) the relevant Interest Period or (where in the applicable Pricing Supplement “Shift” is specified as the Observation Method) the SONIA Observation Period;

**d<sub>o</sub>** is the number of London Banking Days in (where in the applicable Pricing Supplement “Lag” is specified as the Observation Method) the relevant Interest Period or (where in the applicable Pricing Supplement “Shift” is specified as the Observation Method) the SONIA Observation Period;

**i** is a series of whole numbers from one to d<sub>o</sub>, each representing the relevant London Banking Day in chronological order from, an including, the first London Banking Day in (where in the applicable Pricing Supplement “Lag”

is specified as the Observation Method) the relevant Interest Period or (where in the applicable Pricing Supplement “Shift” is specified as the Observation Method) the relevant SONIA Observation Period;

$n_i$ , for any London Banking Day  $i$ , is the number of calendar days from (and including) such London Banking Day  $i$  up to (but excluding) the following London Banking Day;

**SONIA<sub>i-pLBD</sub>** means:

- (a) where in the applicable Pricing Supplement “Lag” is specified as the Observation Method, in respect of any London Banking Day  $i$  falling in the relevant Interest Period, the SONIA Reference Rate for the London Banking Day falling  $p$  London Banking Days prior to such day; or
  - (b) where in the applicable Pricing Supplement “Shift” is specified as the Observation Method,  $SONIA_{i-pLBD}$  shall be replaced in the above formula with  $SONIA_i$ , where  $SONIA_i$  means, in respect of any London Banking Day  $i$  falling in the relevant SONIA Observation Period, the SONIA Reference Rate for such day.
- (ii) In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions, the Rate of Interest shall be the Rate of Interest:
- (I) as determined at the last preceding Interest Determination Date; or
  - (II) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Notes for the first scheduled Interest Period had the Notes been in issue for a period equal in duration to the first scheduled Interest Period but ending on (and excluding) the Interest Commencement Date.
- (iii) For the purposes of this paragraph (C)(a):

**London Banking Day** or **LBD** means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

**Observation Look-Back Period** is as specified in the applicable Pricing Supplement;

**p** means the number of London Banking Days included in the Observation Look-Back Period, as specified in the applicable Pricing Supplement;

**SONIA Compounded Index** means, in respect of any London Banking Day, the compounded daily SONIA rate for such London Banking Day as published by the Bank of England (or a successor administrator of SONIA) on the Bank of England's Interactive Statistical Database, or any successor source, at the Specified Time on such London Banking Day;

**SONIA Observation Period** means the period from (and including) the date falling  $p$  London Banking Days prior to the first day of the relevant Interest Period to (but excluding) the date falling  $p$  London Banking Days prior to the Interest Payment Date for such Interest Period or such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period);

**SONIA Reference Rate** means, in respect of any London Banking Day, the daily Sterling Overnight Index Average (**SONIA**) rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page (or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors) on the London Banking Day immediately following such London Banking Day, *provided* that if, in respect of any London Banking Day, the applicable SONIA Reference Rate is not made available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, then (unless the Calculation Agent has been notified of any Successor Rate or Alternative Rate (and any related Adjustment Spread and/or Benchmark Amendments) pursuant to paragraph (D) below, if applicable) the SONIA Reference Rate in respect of such London Banking Day shall be:

- (I) the sum of (i) the Bank of England's Bank Rate (the **Bank Rate**) prevailing at 5.00 p.m. (or, if earlier, close of business) on such London Banking Day; plus (ii) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five London Banking Days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and the lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads); or
- (II) if such Bank Rate is not available as provided in paragraph (I)(i) above, the SONIA Reference Rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding London Banking Day on which the SONIA Reference Rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) or (ii) if more recent, the latest rate determined under paragraph (I) above; and

**Specified Time** means 10:00 a.m., London time, or such other time as is specified in the applicable Pricing Supplement.

- (b) the Calculation Agent will, as soon as practicable after the applicable Specified Time if the Reference Rate is specified to be Compounded Daily SONIA, 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;
- (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.

- (D) By its acquisition of the Notes, each Noteholder (which for these purposes includes each holder of a beneficial interest in the Notes) will be deemed to have expressly consented to the application of the provisions of this paragraph (D). Without any requirement for any further consent or approval of the Noteholders if the Issuer or the Benchmark Calculation Agent (in consultation with the Issuer, where the Benchmark Calculation Agent is a party other than the Issuer, or, if the Benchmark Calculation Agent deems it appropriate, an Independent Adviser) determines that a Benchmark Event has occurred in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to that Original Reference Rate, then the following provisions of this paragraph (D) shall apply.

(i) *Successor Rate or Alternative Rate*

If the Benchmark Calculation Agent, acting in good faith and in a commercially reasonable manner, and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines in its sole discretion that:

- (I) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in paragraph (D)(ii)) subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this paragraph (D)); or
- (II) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in paragraph (D)(ii)) subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this paragraph (D)).

(ii) *Adjustment Spread*

If the Benchmark Calculation Agent, acting in good faith and in a commercially reasonable manner, and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines in its sole discretion that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be), then the Benchmark Calculation Agent shall, if necessary, calculate such Adjustment Spread and apply such Adjustment Spread to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

(iii) *Benchmark Amendments*

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this paragraph (D) and the Benchmark Calculation Agent, acting in good faith and in a commercially reasonable manner, and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines in its sole discretion (A) that amendments to this Global Note are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the **Benchmark Amendments**) and (B) the terms of the Benchmark



Amendments, then the Issuer and the Benchmark Calculation Agent, as applicable, shall, subject to giving notice thereof in accordance with paragraph (D)(v), without any requirement for the consent or approval of Noteholders agree to the necessary modifications to this Global Note to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such modifications in accordance with this paragraph (D)(iii), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(iv) *Benchmark Calculation Agent and any Independent Adviser*

In the event the Benchmark Calculation Agent determines it appropriate, in its sole discretion, to consult with an Independent Adviser in connection with any determination to be made by the Benchmark Calculation Agent pursuant to this paragraph (D), the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, for the purposes of any such consultation.

An Independent Adviser appointed pursuant to this paragraph (D) shall act in good faith in a commercially reasonable manner but shall have no relationship of agency or trust with the Noteholders and (in the absence of fraud) shall have no liability whatsoever to the Benchmark Calculation Agent or the Noteholders for any determination made by it or for any advice given to the Benchmark Calculation Agent in connection with any determination made by the Benchmark Calculation Agent pursuant to this paragraph (D) or otherwise in connection with the Notes.

If the Benchmark Calculation Agent consults with an Independent Adviser as to the occurrence of any Benchmark Event and/or whether there is a Successor Rate or an Alternative Rate and/or any Adjustment Spread is required to be applied and/or in relation to the quantum of, or any formula or methodology for determining such Adjustment Spread and/or whether any Benchmark Amendments are necessary and/or in relation to the terms of any such Benchmark Amendments, a written determination of that Independent Adviser in respect thereof shall be conclusive and binding on all parties, save in the case of manifest error, and (in the absence of fraud) the Benchmark Calculation Agent shall have no liability whatsoever to any Noteholders in respect of anything done, or omitted to be done, in relation to that matter in accordance with any such written determination or otherwise in connection with the Notes.

(v) *Notice*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this paragraph (D) will be notified promptly by the Issuer to the Issuing and Paying Agent and the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

(vi) *Survival of Original Reference Rate Provisions*

Without prejudice to the obligations of the Benchmark Calculation Agent and the Issuer under this paragraph (D), the Original Reference Rate and the applicable Pricing Supplement, as the case may be, will continue to apply unless and until the Benchmark Calculation Agent has determined the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with the relevant provisions of this paragraph (D).

(vii) *Definitions*

In this paragraph (D), the following expressions shall have the following meanings:

**Adjustment Spread** means either a spread, or the formula or methodology for calculating a spread and the spread resulting from such calculation, which spread may in either case be positive or negative and is to be applied to the Successor Rate or the Alternative Rate (as the case may be) where the Original Reference Rate is replaced with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (I) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (II) in the case of a Successor Rate if no such spread, formula or methodology is formally recommended or provided as an option by any Relevant Nominating Body or in the case of an Alternative Rate, is in customary market usage in the international debt capital market for transactions which reference the Original Reference Rate, where such rate has been replaced by the Alternative Rate,

or if no such recommendation or option has been made (or made available), or the Benchmark Calculation Agent, acting in good faith and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines there is no such spread, formula or methodology in customary market usage, the spread, formula or methodology which the Benchmark Calculation Agent, following consultation with an Independent Adviser, and acting in good faith and a commercially reasonable manner, determines in its sole discretion:

- (I) is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (II) if the Benchmark Calculation Agent so determines that no such industry standard is recognised or acknowledged, to be appropriate, having regard to the objective, so far as is reasonably practicable in the circumstances, of reducing or eliminating any economic prejudice or benefit (as the case may be) to Noteholders, as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be),

and in either such case, which the Benchmark Calculation Agent, following consultation with an Independent Adviser and acting in good faith and in a commercially reasonable manner, determines is required to be so applied;

**Alternative Rate** means an alternative benchmark or screen rate which the Benchmark Calculation Agent determines in accordance with this paragraph (D) is used in place of the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for a commensurate interest period or reset period, as applicable, and in the same Specified Currency as the Notes;

**Benchmark Calculation Agent** means the Calculation Agent in respect of the Notes unless (i) where such party is a party other than the Issuer, that party fails to perform or notifies the Issuer that it is unable to perform any of its duties or obligations as Benchmark Calculation Agent under this paragraph (D) or (ii) where such party is the Issuer, the Issuer determines in its sole discretion to appoint another party as Benchmark Calculation Agent, in which case for each of (i) and (ii) above, the Benchmark Calculation Agent shall be such other

party as is appointed by the Issuer to act as Benchmark Calculation Agent, which party may, in the case of (i) above, include the Issuer or an affiliate of the Issuer and shall be a leading bank or financial institution, or another party of recognised standing and with appropriate expertise to make the determinations and/or calculations to be made by the Benchmark Calculation Agent;

**Benchmark Event** means:

- (I) the Original Reference Rate ceasing to be published for at least five business days or ceasing to exist or be administered;
- (II) the later of (a) the making of a public statement by the administrator of the Original Reference Rate that it will, by a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (b) the date falling six months prior to such specified date;
- (III) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued, is prohibited from being used or is no longer representative or will no longer be representative, or that its use is subject to restrictions or adverse consequences or, where such discontinuation, prohibition, restrictions or adverse consequences are to apply from a specified date after the making of any public statement to such effect, the later of the date of the making of such public statement and the date falling six months prior to such specified date; or
- (IV) it has or will prior to the next Interest Determination Date or Reset Determination Date, as applicable, become unlawful for the Calculation Agent or the Issuer to determine any Rate of Interest and/or calculate any Interest Amount using the Original Reference Rate (including, without limitation, under Regulation (EU) No. 2016/1011 (including as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018), if applicable).

**Original Reference Rate** means the benchmark or screen rate (as applicable) originally specified in the applicable Pricing Supplement for the purposes of determining the relevant Rate of Interest (or any component part thereof) in respect of the Notes (provided that if, following one or more Benchmark Events, such originally specified benchmark or screen rate (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate and a Benchmark Event subsequently occurs in respect of such Successor Rate or Alternative Rate, the term “Original Reference Rate” shall include any such Successor Rate or Alternative Rate);

**Relevant Nominating Body** means, in respect of a benchmark or screen rate (as applicable):

- (I) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (II) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central

banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof; and

**Successor Rate** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.]]

## **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 (the **Personal Income Tax Law**), 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 Article 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 the Personal Income Tax Law, and therefore will be taxed as savings income at the applicable rate (currently varying from 19 per cent. to 26 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 3.5 per cent., without prejudice to any exemption which may apply.

In accordance with Additional Provision 4 of the Wealth Tax Law as amended by Law 11/2021 of 9th July, 2011, non-resident taxpayers will be entitled to the application of specific regulations approved by the Autonomous Community where the greater value of the assets and rights they own and for which the tax is required is located, can be exercised or must be fulfilled in Spanish territory.

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 due to any failure of the Issuing and Paying Agent to provide the relevant statement.

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 Commission's 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.

Spain has enacted a Financial Transaction Tax (Law 5/2020) (the **Spanish FTT**) as 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 capitalisation is above €1,000 million. The issuance and subscription of Notes will not be subject to the Spanish 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 10th December, 2021 (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 be made to Euronext Dublin for any 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 code for each series 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, 2021.

### Litigation

Except as disclosed in the section entitled “*Description of Banco Bilbao Vizcaya Argentaria, S.A. – Legal Proceedings*” on page 67 (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, 2020, 2019 and 2018 and the Recast Consolidated Financial Statements for the financial years ended 31st December, 2020, 2019 and 2018, each of which have been prepared in accordance with IFRS-IASB.

## **DETAILS OF PROGRAMME PARTICIPANTS**

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*To the Issuer*

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0041760-0000381 UKO2: 2003602799.13