

BBVA Global Markets B.V.

(a wholly owned subsidiary of Banco
Bilbao Vizcaya Argentaria, S.A.)

Annual Report for the year
ended December 31st, 2021

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Directors' report

The Board of Directors of BBVA Global Markets B.V. (hereinafter, the "Company") herewith presents the directors' report and the audited financial statements for the year ended December 31st, 2021.

Incorporation

BBVA Global Markets B.V. was incorporated under the laws of the Netherlands on October 29th, 2009, with limited liability and having its statutory seat in Amsterdam, the Netherlands.

The Company is a wholly owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter, the "Bank", "BBVA" or the "Parent Company"), a Spanish banking institution headquartered in Bilbao, Spain, and is therefore integrated in Banco Bilbao Vizcaya Argentaria Group (hereinafter, the "Group" or "BBVA Group").

Principal activities, business overview and future developments

The objectives for which the Company is established are to raise finance through the issuance of bonds, notes, warrants, certificates and other debt instruments, and invest the funds raised in financial assets with the Parent Company, Banco Bilbao Vizcaya Argentaria, S.A. For these purposes, the Company may enter into (i) derivative transactions or other economic hedging agreements, and (ii) other agreements with third parties in connection with the above objective.

During the year 2021, the Company has issued 3.468 debt instruments.

On November 10th, 2009 the Company's Board of Directors approved a Structured Medium Term Note Programme targeted to international investors (hereinafter, "SMTN Programme") to issue notes, denominated in any currency, up to an aggregated amount of EUR 2,000,000,000 which was increased to EUR 4,000,000,000 in 2017 and to EUR 6,000,000,000 in 2021. In February 9th, 2021, the Board of Directors of BBVA Global Markets, B.V. and BBVA Global Securities, B.V. (a wholly owned subsidiary of BBVA) approved the entry of BBVA Global Securities, B.V. in the SMTN Programme. The obligations of the Company in respect of the notes are unconditionally and irrevocably guaranteed by Banco Bilbao Vizcaya Argentaria, S.A., as guarantor. In 2021, the issuers performed the last update of the Programme on July 1st, 2021 (hereinafter, "SMTN Programme update").

On December 21st, 2011 the Company's Board of Directors approved a EUR 2,000,000,000 Programme for the Issue of Warrants which was reduced to EUR 1,000,000,000 in 2021. The obligations of the Company in respect of the warrants are unconditionally and irrevocably guaranteed by Banco Bilbao Vizcaya Argentaria, S.A., as guarantor. During 2021, the Company has issued 1 warrant, and the last update of the Programme was on July 1st, 2021 (hereinafter, "Warrant Programme update").

On March 12th, 2015 the Company's Board of Directors approved a Structured Medium Term Note Programme targeted to Spanish investors (hereinafter, "CNMV Programme") to issue notes, denominated in any currency, up to an aggregated amount of EUR 2,000,000,000 which was reduced to EUR 1,000,000,000 in 2021. The obligations of the Company in respect of the notes are unconditionally and irrevocably guaranteed by Banco Bilbao Vizcaya Argentaria, S.A., as guarantor. The Company performed the last update of the Programme on July 15th, 2021 (hereinafter, "CNMV Programme update").

All outstanding debt securities issued as of December 31st, 2021 and 2020 are listed. The Company does not anticipate any significant change in the kind of activities for the next financial year.

The Company has not developed or incurred in R&D expenses.

Economic environment

The COVID-19 (coronavirus) pandemic has adversely affected the world economy, and economic activity and conditions in the countries in which the BBVA Group operates. New waves of contagion continue to be a source of concern and the emergence of new strains remains a risk, although increasing vaccination rates will likely continue to reduce its impact on economic activity. Among other challenges, these countries are still dealing with high unemployment levels, relatively weak activity, supply disruptions and increasing inflationary pressures, while public debt has increased significantly due to the support and spending measures implemented by the 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. Likewise, volatility in the financial markets may continue affecting exchange rates and the value of assets and investments, which has adversely affected the Group's capital base and result in the past, and could do so again. There are still uncertainties about the final future impact of the COVID-19 pandemic, mainly if there is an increase in infections caused by the new variants of the coronavirus.

While the COVID-19 pandemic had adverse effects on the Group's results and capital base during 2020, these were mitigated throughout 2021, with improvements in the global economic background leading to a strong improvement in 2021 results.

In addition to the significant macroeconomic challenges posed by the COVID-19 pandemic, the BBVA Group could experience negative impacts to its businesses, financial condition and results of operations as a result of geopolitical and other challenges and uncertainties globally. Currently, the world economy is facing several exceptional challenges. Russia's invasion of Ukraine, the largest military attack on a European state since World War II, has led to significant disruption, instability and volatility in global markets, as well as higher inflation (including by contributing to further increases in the prices of energy, oil and other commodities and further disrupting supply chains) and lower or negative growth. The EU, UK, US and other governments have imposed significant sanctions and export controls against Russia and Russian interests and threatened additional sanctions and controls.

The impact of these challenges and measures, as well as potential responses to these measures by Russia, is currently unknown and, while the Group's direct exposure to Ukraine and Russia is limited, they could significantly and adversely affect the Group's business, financial condition and results of operations. Geopolitical and economic risks have also increased over the past few years as a result of trade tensions between the United States and China, Brexit, the rise of populism and tensions in the Middle East. Growing tensions may lead, among others, to a deglobalization of the world economy, an increase in protectionism or barriers to immigration, a general reduction of international trade in goods and services and a reduction in the integration of financial markets, any of which could materially and adversely affect the Group's business, financial condition and results of operations.

Principal risks and uncertainties

The use of financial instruments may involve the transfer of one or more types of risk. The risks associated with these financial instruments are:

- **Credit risk:** Credit risk is defined as the risk that one party entitled to a financial instrument causes a financial loss to another party by failing to discharge an obligation. In accordance with IFRS 7 "Financial Instruments: Disclosures", the maximum credit risk exposure in the balance sheet as of December 31st, 2021, and 2020, amounted to EUR 4,567,285 thousand and EUR 3,733,501 thousand, respectively.

As of December 31st, 2021 and December 31st, 2020, credit risk is concentrated geographically in Spain, with the Parent Company. As of December 31st, 2021, and 2020 there are no impaired assets.

- **Market risks:** These are defined as the risks arising from the maintenance of financial instruments whose value may be affected by changes in market conditions. It includes four types of risk:
 - **Interest rate risk:** This risk arises as a result of changes in market interest rates. Changes in interest rates affect the interest received from deposits and the interest paid on issues equally. Therefore, the changes in interest rates offset each other and there is no risk.
 - **Foreign exchange risk:** This is the risk resulting from variations in foreign exchange rates. Since the funds obtained by the Company from the issues are invested in deposits in the same currency, the exposure to currency risk is not relevant. Changes in foreign exchange rates affect face value and interests from deposits and face value and interests paid on issues equally. Therefore, the changes in foreign exchange rates offset each other and there is no risk.

- Price risk: This is the risk resulting from variations in market prices, either due to factors specific to the instrument itself, or alternatively to factors which affect all the instruments traded on the market. The fair value of the issues launched does not differ significantly from the fair value of the deposits since their features (amount, term and interest rate) are the same and there is no risk.
- Equity risk: This arises as a result of movements in share prices. This risk is generated in spot positions in derivative products whose underlying asset is a share or an equity index. Changes in share prices affect face value and payments of derivatives on deposits and face value and interests paid on issues equally. Therefore, the changes in share prices offset each other and there is no risk.
- Liquidity risk: This is the possibility that a company cannot meet its payment commitments duly, or, to do so, must resort to borrowing funds under onerous conditions, or risking its image and the reputation of the entity. The Company obtains the liquidity required to meet interest payments, redemptions of issues from deposits on the issues arranged with Banco Bilbao Vizcaya Argentaria, S.A. The Note 6 details the maturities of the debt securities issued and gives the breakdown of deposits in BBVA to cover the liquidity necessary for such maturities. The liquidity to meet the interest payments on the debt securities is derived from interest earned on BBVA deposits, which have similar maturities.

All the expenses of the Company are covered through an expense assumption agreement between the Company and BBVA.

- Concentration risk: The Company is a wholly-owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A., a Spanish banking institution headquartered in Bilbao, Spain, and is therefore integrated in the Banco Bilbao Vizcaya Argentaria Group.

The Company's notes are totally guaranteed by the Parent Company. No additional collateral is established. The Company's deposits are totally due from the Parent Company.

All notes and derivatives registered by the Company are back to back and therefore, there is no effect in the income statement. All notes are guaranteed by the Parent Company. Taking into account this consideration and assuming that the credit spread of the Parent Company and BBVA Global Markets B.V. is the same (same interest rate, maturity and other features), the estimation of the counterparty credit risk associated to derivatives would be the same in assets and liabilities. The Parent Company is the only guarantor for the BBVA Global Markets' Notes.

Any adverse changes affecting the Spanish economy are likely to have an adverse impact on the Parent Company's financial situation and consecutively, on the Company's financial condition, results of operations and cash flows. Negative economic conditions are mitigated by Banco Bilbao Vizcaya Argentaria, S.A. and its subsidiaries, showing a great and demonstrated capacity for generating earnings based on the diversification of its geographical business areas. As of the date of these financial statements the qualifications of BBVA Group by some of the main rating agencies, shows a grade A.

Additionally, there has not been any default position to the date. All BBVA Global Markets B.V.'s deposits due from Parent related to notes with maturity in the year ended December 31st, 2021, and previous years until the date of this report, have been reimbursed.

- Other risks: The Company as a wholly-owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A., is subject to risks and uncertainties ensuing from changes in legislation and regulation in Banking and Capital Markets in Europe. In addition, considering the operations of the Company, risks arisen from internal and external reporting is limited.

The Company and the Group to which it belongs, have developed an integrated risk management system that is structured around three main components: (i) a corporate risk governance regime, with adequate segregation of duties and responsibilities, (ii) a set of tools, circuits and procedures that constitute the various different risk management regimes, and (iii) an internal control system.

(i) CORPORATE GOVERNANCE RISK SYSTEM

The Group has a corporate governance system which is in line with international recommendations and trends, adapted to requirements set by regulators in each country and to the most advanced practices in the markets in which it pursues its business.

In the field of risks, the Board of Directors of Banco Bilbao Vizcaya Argentaria, is responsible for establishing the general principles that define the Institution's risk objectives, approving the risk control and management policy and the regular monitoring of the internal systems of information and control.

The risk management function is distributed into the Risk Units of the business areas and the Corporate Area, which defines the policy, strategies, methodologies and global infrastructure. The risk units in the business areas propose and maintain the risk profile of each client independently, but within the corporate framework for action.

The Corporate Risk Area combines the view by risk type with a global view. It is made up of the Corporate Risk Management unit, which covers the different types of risk, the Technical Secretary responsible for technical comparison, which works alongside the transversal units: such as Structural Management & Asset Allocation, Risk Assessment Methodologies and Technology, and Validation and Control, which include internal control and operational risks.

(ii) TOOLS, CIRCUITS AND PROCEDURES

The Group has implemented an integral risk management system designed to cater for the needs arising in relation to the various types of risk. This has prompted it to equip the management processes for each risk with measurement tools for risk acceptance, assessment and monitoring and to define the appropriate circuits and procedures, which are reflected in manuals that also include management criteria.

(iii) INTERNAL CONTROL MODEL

The Group's Internal Control Model is based on the best practices described in the following documents: *"Enterprise Risk Management – Integrated Framework"* by the COSO (Committee of Sponsoring Organizations of the Treadway Commission) and *"Framework for Internal Control Systems in Banking Organizations"* by the Bank for International Settlements (BIS).

The Internal Control Model therefore comes within the Integral Risk Management Framework. This framework is understood as the process within an organization involving its Board of Directors, its management and all its staff, which is designed to identify potential risks facing the institution and which enables them to be managed within the limits defined, in such a way as to reasonably assure that the organization meets its business targets. This Integral Risk Management Framework is made up of Specialized Units (Risks, Compliance, Accounting and Consolidation, Legal Services), the Internal Control Function and Operational Risk and Internal Audit.

Risk concentration

Risk concentration limits are established at a Group level. In the trading area, limits are approved each year by the Board's Risk Committee on exposures to trading, structural interest rate, structural currency, equity and liquidity risk at the banking entities and in the asset management, pension and insurance businesses. These limits factor in many variables, including economic capital and earnings volatility criteria, and are reinforced with alert triggers and a stop-loss scheme.

In relation to credit risk, maximum exposure limits are set by customer and country; generic limits are also set for maximum exposure to specific deals and products. Upper limits are allocated based on iso-risk curves, determined as the sum of expected losses and economic capital, and its ratings-based equivalence in terms of gross nominal exposure.

There is also an additional guideline in terms of oversight of maximum risk concentration up to and at the level of 10% of equity: stringent requirements in terms of in-depth knowledge of the counterparty, its operating markets, and sectors.

Results for the year

The Company recorded a net profit of EUR 29 thousand and a net loss of EUR 10 thousand for the years ended on December 31st, 2021 and 2020, respectively. The result for the year is set out on statements of profit or loss and other comprehensive income for the years ended December 31st, 2021 and 2020. Results of the Company are at the disposal of the Annual General Meeting.

Directors and their interest

The Directors and Secretary of the Board who held office on December 31st, 2021 did not hold any shares in the Company at year-end or during the period. There were no contracts of any significance in relation to the business of the Company in which the Directors had any interest at anytime during the year.

Personnel

During the years ended on December 31st, 2021, and 2020, the Company had no employees. The Managing Directors are employees at BBVA. All administrative and accounting tasks are performed by employees of the Parent Company.

Board composition

During the years 2021 and 2020, the allocation of seats in the Board of Directors between men and women is in equilibrium. The current Managing Board has the necessary experience and expertise to ensure that its duties are properly executed.

Audit Committee

The Audit Committee of the BBVA Group is also formally responsible for the Company as per the relevant requirements included in the Dutch Laws that are applicable to the Company.

Board of Directors and Shareholders' meetings

The Board of Directors and the Shareholders' have held meetings since January 1st, 2021 which were as follows:

January 20 th , 2021	Board of Directors
January 20 th , 2021	Shareholder resolution
April 27 th , 2021	Shareholder resolution
June 28 th , 2021	Board of Directors
June 28 th , 2021	Shareholder resolution
November 3 rd , 2021	Board of Directors

All the above resolutions of the Board of Managing Directors and the Sole-Shareholder were adopted outside of meetings and recorded in writing, pursuant to articles 12.7 and 18 of the Articles of Association of the Company.

Accounting records

The Directors believe that they have complied with the legal requirements for the financial statements as included in Part 9 of Book 2 of the Dutch Civil Code and in accordance with International Financial Reporting Standards as adopted by the European Union ("EU-IFRS"). The books of account of the Company are maintained by Vistra Capital Market N.V., at Herikerbergweg 88, 1101 CM Amsterdam, The Netherlands.

Post balance sheet events

From January 1st, 2022 until the date of these financial statements, the Company has issued the following notes:

2022		
Currency	Number of Issues / Deposits at Parent	Nominal Amount (Thousands of original Currency)
USD	636	749,396
EUR	109	120,756
GBP	68	61,483
CHF	6	18,712

From January 1st, 2022 until the date of these financial statements, the Company has also issued 2 warrants amounting of USD 161 thousands.

Additionally, from January 1st, 2022 until the date of these financial statements full early redemption was applied for 322 outstanding issues and, therefore, the Company cancelled the associated deposits whose nominal value was the same amount. The detail of those issues is as follows:

2022		
Currency	Number of Issues / Deposits at Parent	Nominal Amount (Thousands of original Currency)
USD	227	294,388
EUR	43	38,165
GBP	36	40,488
CHF	16	90,770

As also noted in Note 6 to the financial statements, on 24 February 2022 Russia invaded Ukraine. As of the date of these financial statements, there are no direct exposures for the Company to Russia and/or Ukraine.

From January 1, 2022 to the date of preparation of these Financial Statements, no other subsequent events not mentioned above in these financial statements have taken place that could significantly affect the Company's earnings or its equity position.

Internal and external factors

BBVA Global Markets B.V., is a wholly-owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A., a Spanish banking institution headquartered in Bilbao, Spain, and is therefore integrated in the Banco Bilbao Vizcaya Argentaria Group.

The company's notes are totally guaranteed by the Parent Company. No additional collateral is established. BBVA Global Markets B.V.'s deposits are totally due from the Parent Company. Any adverse changes affecting the Spanish economy are likely to have an adverse impact on the Parent Company's financial situation and consecutively, on the Company's financial condition, results of operations and cash flows.

Presented with the current situation (see Economic environment) and given the Company's activity, the risks must be analyzed within the Group in which it operates. For this matter, BBVA Group has focused its attention on ensuring continuity in the operational security of the business as a priority and monitoring the impacts on the business and the Group's risks (such as impacts on results, capital or liquidity). Additionally, BBVA Group adopted a series of measures to support its main stakeholders from the beginning. This way, the Group's long-term strategic purpose and priorities remain the same and are even reinforced with its commitment to technology and data-based decision making. Due to the current situation, the estimates made by the Company as of December 31st, 2021 have been made based on the best information available on the events analyzed. Likewise, the Company's Directors have concluded that the going concern principle continues to be applied in the formulation of the following annual accounts.

The Company has no direct exposure to Ukraine and Russia.

Madrid, April 26th, 2022

Board of Directors:

Marian Coscarón Tomé

Christian Hojbjerre Mortensen

Statement of Directors' responsibilities in respect of directors' report and the financial statements

The Directors are responsible for preparing the directors' report and financial statements in accordance with applicable law and regulations.

The Directors consider that, in preparing the financial statements, the Company, has used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgement and estimates, and that all International Financial Reporting Standards as adopted by the European Union and requirements of Part 9 of Book 2 of the Dutch Civil Code which they consider to be applicable, have been followed.

The Company's financial statements are required by law to give a true and fair view of the financial position of the Company and of its financial performance.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with International Financial Reporting Standards as adopted by the European Union ("EU-IFRS") and with Part 9 of Book 2 of the Dutch Civil Code. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are also responsible for preparing a directors' report that complies with the requirements of Part 9 of Book 2 of the Dutch Civil Code.

Date: April 26th, 2022

Board of Directors:

Marian Coscarón Tomé

Christian Højbjerg Mortensen

STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31st, 2021 AND 2020

(before appropriation of result)

<i>Thousands of Euros</i>	Note	12/31/2021	12/31/2020
ASSETS:			
<i>Non-current assets</i>			
- Long-Term deposits due from Parent	8	4,085,446	3,168,922
- Other Long-Term assets	15	322	325
Total Non-current assets		4,085,768	3,169,247
<i>Current assets</i>			
- Short-Term part of deposits due from Parent	8	481,839	564,579
- Other assets	15	122	1
- Cash and cash equivalents	7	311	626
Total Current assets		482,272	565,206
Total assets		4,568,040	3,734,453
LIABILITIES:			
<i>Non-current liabilities</i>			
- Long-Term debt securities issued	9	4,085,446	3,168,922
Total Non-current liabilities		4,085,446	3,168,922
<i>Current liabilities</i>			
- Short-Term debt securities issued	9	481,839	564,579
- Other liabilities		45	39
- Credit account		403	635
- Current tax liabilities	15	61	61
Total Current liabilities		482,348	565,314
Total liabilities		4,567,794	3,734,236
SHAREHOLDER'S EQUITY:			
- Issued share capital	10	90	90
- Share premium	10	250	250
- Other reserves	10	(123)	(113)
- Result of the year		29	(10)
Total shareholder's equity		246	217
Total liabilities and shareholder's equity		4,568,040	3,734,453

The accompanying Notes 1 to 20 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31st, 2021 AND 2020

<i>Thousands of Euros</i>	Note	12/31/2021	12/31/2020
- Exchange rate differences		(16)	(7)
- Other operating income	6 and 16	405	327
- Other operating expenses	14	(347)	(333)
- Gains on financial assets designated at fair value through profit or loss	8 and 16	345,968	149,061
- Losses on financial liabilities designated at fair value through profit or loss	9	(345,968)	(149,061)
Result of the year before tax		42	(13)
- Income tax	15	(13)	3
Result of the year from continued operations		29	(10)
Comprehensive result of the year		-	-
Total comprehensive result of the year		29	(10)

The accompanying Notes 1 to 20 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31st, 2021 AND 2020

<i>Thousands of Euros</i>	Note	Issued Share Capital	Other reserves	Share Premium	Result of the year	Total
Balance at beginning of the year (January 1st, 2020)		90	(109)	250	(4)	227
- Result of the year		-	-	-	(10)	(10)
- Result of previous years		-	(4)	-	4	-
- Share premium		-	-	-	-	-
Balance at end of the year (December 31st, 2020)		90	(113)	250	(10)	217
Balance at beginning of the year (January 1st, 2021)		90	(113)	250	(10)	217
- Result of the year		-	-	-	29	29
- Result of previous years		-	(10)	-	10	-
- Share premium		-	-	-	-	-
Balance at end of the year (December 31st, 2021)		90	(123)	250	29	246

The accompanying Notes 1 to 20 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31st, 2021 AND 2020

<i>Thousands of Euros</i>	Note	12/31/2021	12/31/2020
Result of the year before tax		42	(13)
ADJUSTMENTS TO RECONCILE NET (LOSS) INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Adjustments for:		13	3
Finance income		-	-
Finance cost		-	-
Exchange differences		16	7
Other income and expenses		(3)	(4)
Changes in working capital:		(138)	(6)
Trade and other payables		(20)	(3)
Trade and other receivables		(118)	(3)
Other cash flows from operating activities:		-	(3)
Interest paid		(345,968)	(149,061)
Interest received		345,968	149,061
Income tax recovered (paid)		-	(3)
Net cash provided by/(used in) operating activities		(83)	(19)
CASH FLOW FROM INVESTING ACTIVITIES:			
Investments:		(4,063,124)	(2,413,654)
Deposits at the parent		(4,063,124)	(2,413,654)
Disinvestments:		3,208,977	1,992,929
Deposits at the parent		3,208,977	1,992,929
Net cash provided by/(used in) investing activities		(854,147)	(420,725)
CASH FLOW FROM FINANCING ACTIVITIES:			
Proceeds from issue of share premium		-	-
Proceeds from issue of debt instruments and other marketable securities		4,063,124	2,413,654
Proceeds from issue of borrowings from Group companies and associates		(232)	367
Redemption of debt instruments and other marketable securities		(3,208,977)	(1,992,929)
Net cash provided by/(used in) financing activities		853,915	421,092
Net increase/(decrease) in cash and cash equivalents		(315)	348
Effect of currency translations		-	-
Cash and cash equivalents at the beginning of the year		626	278
Cash and cash equivalents at the end of the year	7	311	626

The accompanying Notes 1 to 20 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Notes to the financial statements for the year ended December 31st, 2021 (Currency – Thousands of Euros).

1. Group affiliation, principal activity and tax regulation

BBVA Global Markets B.V. (hereinafter, the “Company”), is a corporation with limited liability, incorporated under Dutch law, whose trade register code number is 34363108. The Company has its seat and statutory domicile in Amsterdam, the Netherlands and its principal place of business and tax residence at Calle Saucedá, 28, 28050, Madrid, Spain. It was incorporated under the laws of the Netherlands on October 29th, 2009 and is a wholly-owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter, the “Bank”, “BBVA” or the “Parent Company”), a Spanish banking institution headquartered in Bilbao, Spain. The Company is integrated in the Banco Bilbao Vizcaya Argentaria Group (hereinafter, the “Group” or “BBVA Group”), and therefore these financial statements are consolidated by the Parent Company (www.bbva.com).

The objectives for which the Company is established are to raise finance through the issuance of bonds, notes, warrants, certificates and other debt instruments, and invest the funds raised in financial assets with the Parent Company, Banco Bilbao Vizcaya Argentaria, S.A. For these purposes, the Company may enter into (i) derivative transactions or other economic hedging agreements, and (ii) other agreements with third parties in connection with the above objectives. The Company has no direct employees, and no remuneration is paid by the Company to the Managing Directors.

In June 10th, 2020, the Shareholder’s meeting approved the cessation of a Board member. As a result, the Managing Directors of the company consist of a man and a woman.

2. Significant accounting policies

The financial statements of the Company are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“EU-IFRS”) and with Part 9 of Book 2 of the Dutch Civil code, with significant policies applied below (see Note 4).

The amounts reflected in the accompanying Financial Statements are presented in thousands of euros, unless it is more appropriate to use smaller units. Some items that appear without a balance in these Financial Statements are due to how units are expressed. Also, in presenting amounts in thousands of euros, the accounting balances have been rounded up or down. It is therefore possible that the amounts appearing in some tables are not the exact arithmetical sum of their component figures.

a) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value.

Cash and cash equivalents are carried at amortized cost in the statement of financial position.

b) Debt securities and deposits due from Parent

Debt securities issued and deposits due from Parent are initially accounted for at fair value. The best evidence of the fair value of a financial instrument at initial recognition shall be the transaction price.

As debt securities issued and deposits due from Parent are measured at fair value through profit and loss, the entity presents the entire fair value change on a net basis as a single amount including foreign exchange gains and losses and/or interest income and expense.

For subsequent measurement of the deposits due from parent are managed on a fair value basis and are classified within the “residual” other business model valued at fair value through profit and loss (IFRS 9. 4.1.4) since they represent assets that the entity manages and in which it measures its “performance” based on its fair value (IFRS 9 B4.1.6).

For subsequent measurement of the debt securities issues are accounted for at fair value through profit and loss using the “fair value option of liability” to eliminate “accounting asymmetries”, (IFRS 9. 4.2.2) including the changes in the credit risk in profit and loss since if they were registered against other comprehensive income an accounting asymmetry with the related assets would be generated.

Issuing debt securities, sometimes, involves incurring costs and commissions in relation to the offering. These fees and costs are covered through an expense assumption agreement between the Company and BBVA.

c) Embedded derivative financial instruments

Hybrid financial instruments include a non-derivative host contract and a financial derivative, known as an embedded derivative, that is not separately transferable and has the effect that some of the cash flows of the hybrid contract vary in a way similar to a stand-alone derivative (e.g. bonds tied to the price of certain shares or changes in a stock market index).

The Company presents the host contract (either the deposit or the issue) in aggregate with the embedded derivative since the hybrid contract is measured at fair value with changes in profit or loss (see Notes 2.j, 8, 9 and 11).

d) Recognition of revenues and expenses

For accounting purposes, revenues and expenses are recorded on an accrual basis as they are earned or incurred. The Company has elected to present the entire fair value change of the assets or liabilities on a net basis as a single amount in the accompanying statement of profit or loss, including foreign exchange gains and losses, interest income and expense and other fair value changes. This presentation reflects better how the Company manages its assets and liabilities.

e) Statement of Profit or Loss and Other Comprehensive Income

IAS 1 requires that all items of income and expense be presented either: in a single statement (a "statement of comprehensive income"), or in two statements (a separate "income statement" and "statement of comprehensive income"). The Company has elected to present a single statement of comprehensive income. The Company does not have separate components of other comprehensive income; therefore, comprehensive income is equal to the profit/(loss) reported for all periods presented.

f) Cash flow statement

The cash flow statement, based on the indirect method of calculation, gives details of the source of cash and cash equivalents which became available during the period and the application of these cash and cash equivalents over the course of the period.

The comparative information included in the accompanying cash flow statement for the year ended December 31, 2020 has been subject to certain non-significant modifications with the purpose of a better comparability with the 2021 year figures.

The table below details changes in the liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the cash flow statement as cash flows from financing activities.

Total Liabilities from financing activities	Thousands of Euros
2020	3,734,136
Cash flows	853,915
Non-cash movements (*)	(20,363)
2021	4,567,688

(*) It mainly corresponds to Fair Value changes and, in addition, foreign exchange movements of issues in currencies other than Euro.

g) Recognition and derecognition

Financial assets and liabilities are recognized when they are acquired or funded by the Company and derecognized when settled.

h) Income taxes

The charge for current tax is based on the result for the year adjusted for items that are non-assessable or disallowed.

Deferred taxes are recognized to the extent that it is probable that taxable profits will be available.

The Company files consolidated tax returns as part of the 2/82¹ Group, whose Parent Company is Banco Bilbao Vizcaya Argentaria, S.A.

The Parent Company is part of a fiscal unity for corporate income tax and for that reason it is jointly and severally liable for the tax liabilities of the whole fiscal unity.

The Company has no fiscal presence in Netherlands, thus no liability taxes in Netherlands, but only in Spain.

i) Financial instruments offset

Financial assets and liabilities may be netted, i.e. they are presented for a net amount on the balance sheet only when the Company complies with the provisions of IAS 32-Paragraph 42, so they have both the legal right to net recognized amounts, and the intention of settling the net amount or of realizing the asset and simultaneously paying the liability. As of December 31st, 2021 and 2020, there are no asset and liabilities presented netted in the balance sheet.

j) Fair value hierarchy

The fair value of financial instruments is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is therefore a market-based measurement and not specific to each entity.

All financial instruments, both assets and liabilities are initially recognized at fair value, which at that point is equivalent to the transaction price, unless there is evidence to the contrary in the market.

When possible, the fair value is determined as the market price of a financial instrument. However, for many of the financial assets and liabilities of the Company, especially in the case of derivatives, there is no market price available, so its fair value is estimated on the basis of the price established in recent transactions involving similar instruments or, in the absence thereof, by using mathematical measurement models that are sufficiently tried and trusted by the international financial community. The estimates of the fair value derived from the use of such models take into consideration the specific features of the asset or liability to be measured and, in particular, the various types of risk associated with the asset or liability. However, the limitations inherent in the measurement models and possible inaccuracies in the assumptions and parameters required by these models may mean that the estimated fair value of an asset or liability does not exactly match the price for which the asset or liability could be exchanged or settled on the date of its measurement.

Additionally, for financial assets and liabilities that show significant uncertainty in inputs or model parameters used for valuation, criteria is established to measure said uncertainty and activity limits are set based on these. Finally, these measurements are compared, as much as possible, against other sources such as the measurements obtained by the business teams or those obtained by other market participants.

The process for determining the fair value requires the classification of the financial assets and liabilities according to the measurement processes used as set forth below:

- Level 1: Valuation using directly the quotation of the instrument, observable and readily and regularly available from independent price sources and referenced to active markets that the entity can access at the measurement date. The instruments classified within this level are fixed-income securities, equity instruments and certain derivatives.
- Level 2: Valuation of financial instruments with commonly accepted techniques that use inputs obtained from observable data in markets (see Notes 9 and 11).
- Level 3: Valuation of financial instruments with valuation techniques that use significant unobservable inputs in the market (see Notes 9 and 11). Model selection and validation is undertaken by control areas outside the business areas.

k) True and fair view

The Company's financial statements for 2021 which have been obtained from the Company's accounting records, are presented in accordance with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein, and they give a true and fair view of the Company's net worth and financial position as of December 31st, 2021 and the results of

¹ Pursuant to current Spanish legislation, number code 2/82 refers to the BBVA Consolidated Tax Group, including the Parent Company and those subsidiaries that meet the requirements provided for under Spanish legislation.

operations as well as the cash flows generated during the year then ended. These financial statements, which have been prepared by the Board of Directors of the Company, will be submitted for approval by the Shareholders', and it is considered that they will be approved without any changes.

The Company's financial statements for 2020 were approved by its sole shareholder on April 27th, 2021.

I) Related party transactions

The Company is a wholly-owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A. and enters into transactions with related parties on an arm's length basis (see Note 16). This includes amongst others cash deposits agreements. All the outstanding amounts have been disclosed in the notes to each separate account balance when applicable (see Notes 7, 8, 11, 12, 15 and 16).

3. Statement of compliance

The financial statements for the year ended December 31st, 2021, have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("EU-IFRS") and with Part 9 of Book 2 of the Dutch Civil code.

4. Adoption of new and revised International Financial Reporting Standards (IFRS) and Interpretations

In 2021, the Company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ('IASB') and the International Financial Reporting Interpretations Committee ('IFRIC') of the IAS that are relevant to its operations and effective for accounting periods beginning on or after January 1st, 2021. The adoption of these new and revised Standards and Interpretations has not resulted in major changes to the Company's records.

Standards and Interpretations that became effective in 2021:

The following amendments to the IFRS standards or their interpretations (hereinafter "IFRIC" or "interpretation") became effective in 2021.

- **IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Modifications - IBOR reform**

On August 27, 2020, the IASB issued the second phase of the reform of the IBOR reference indices, which involves the introduction of amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, to ensure that the financial statements reflect the economic effects of this reform in the best possible way. These amendments focus on the accounting for financial instruments, once a new risk-free reference index (Risk Free Rate, hereinafter "RFR") has been introduced.

The modifications introduce the accounting relief for changes in the cash flows of financial instruments directly caused by the IBOR reform if they take place in a context of "economic equivalence", by updating the effective interest rate of the instrument. Additionally, they introduce a series of exemptions to the hedging requirements so as not to have to interrupt certain hedging relationships. However, similar to the phase 1 amendments (which entered into force already in 2020), the phase 2 amendments do not contemplate exceptions to the valuation requirements applicable to hedged items and hedging instruments in accordance with IFRS 9. Thus, once the new reference index has been implemented, the hedged items and hedging instruments must be valued in accordance with the new index, and the possible ineffectiveness that may exist in the hedge will be recognized in profit or loss.

This modification has had no significant impact on the Company's financial statements.

- **Amendments to IFRS 4 – Insurance Contracts**

The amendment to IFRS 4 includes a deferral in the temporary exception option regarding the application of IFRS 9 for entities whose business model is predominantly an insurance model until January 1, 2023, aligning it with the entry into force of the IFRS 17 Insurance Contracts rule. This modification is applicable from January 1, 2021.

This amendment has had no significant impact on the Company's financial statements.

- **Modification of IFRS 16 – Leases: practical exemption for lessees due to the COVID-19 pandemic.**

The IASB has extended the term to qualify for the exemption that allows tenants not to register concessions in rents as a modification of the lease if they are a direct consequence of COVID-19.

The implementation of this standard as of January 2021, has had no significant impact on the Company's financial statements.

Standards and interpretations issued but not yet effective as of December 31st, 2021:

The following new International Financial Reporting Standards together with their Interpretations had been published at the date of preparation of the accompanying consolidated financial statements, but are not mandatory as of December 31, 2021. Although in some cases the IASB allows early adoption before their effective date, the BBVA Group has not proceeded with this option for any such new standards.

- **IFRS 17 – Insurance contracts**

IFRS 17 – Insurance Contracts: IFRS 17 establishes the principles for the accounting for insurance contracts and supersedes IFRS 4. The new standard introduces a single accounting model for all insurance contracts and requires the entities to use updated assumptions. An entity shall divide the contracts into groups and recognize and measure groups of insurance contracts at the total of:

- the fulfilment cash flows, that comprises the estimate of future cash flows, an adjustment to reflect the time value of money and the financial risk associated with the future cash flows and a risk adjustment for non-financial risk; and
- the contractual service margin that represents the unearned profit.

The amounts recognized in the income statement shall be disaggregated into insurance revenue, insurance service expenses and insurance finance income or expenses. Insurance revenue and insurance service expenses shall exclude any investment components. Insurance revenue shall be recognized over the period the entity provides insurance coverage and in proportion to the value of the provision of coverage that the insurer provides in the period.

This standard will be applied to the accounting years starting on or after January 1st, 2023. No significant impact on the Company's financial statements is expected.

- **Amendments to IAS 1 “Presentation of financial statements” and IAS 8 “Accounting policies, changes in accounting estimates and errors”**

In February 2021 the IASB issued amendments to this IAS with the aim of improving the quality of the disclosures in relation to the accounting policies applied by the entities with the ultimate aim of providing useful and material information in the financial statements.

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies and include guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments to IAS 8 also clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. The amendments will be effective for annual reporting periods beginning on or after January 1, 2023.

No significant impact is expected on the Company's financial statements.

- **Amendment IAS 12 – Income taxes**

The IASB has issued an amendment to IAS 12 that clarifies how companies recognize deferred tax on transactions such as leases and decommissioning obligations.

The amendments conclude that entities should recognize deferred taxes on leases and dismantling provisions following the criteria established in IAS 12. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations. The amendments will be effective for annual reporting periods beginning on or after January 1, 2023, with early application permitted.

No significant impact is expected on the Company's financial statements.

- **Minor changes to IFRS Standards (IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions) and Annual Improvements to IFRS 2018-2020 (IFRS 1 -**

First application of IFRS, IFRS 9 Financial Instruments, IAS 41 Agriculture and modifications to the illustrative examples of IFRS 16 - Leases)

The IASB has issued minor amendments and improvements to various IFRSs to clarify the wording or correct minor consequences, oversights or conflicts between the requirements of the Standards. The modified standards are: IFRS 3 Business Combination, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, IAS 1 First application of IFRS, IFRS 9 Financial Instruments, IAS 41 Agriculture and IFRS 16 Leases (modifications to the illustrative examples).

The amendments will be effective for annual reporting periods beginning on or after January 1, 2022.

No significant impact is expected on the Company's financial statements.

5. Foreign currency translation

The financial performance of the Company is reported using the currency ("functional currency") that best reflects the economic substance of the underlying events and circumstances relevant to the entity, which is the Euro. Transactions in a currency that differs from the functional currency are translated into functional currency at the foreign currency exchange rate at transaction date.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the foreign exchange rates prevailing at the balance sheet date. Currency translation differences on all monetary financial assets and liabilities are included in foreign exchange gains and losses income.

As of December 31st, 2021, the Company had 2.554 outstanding issuances in US dollars (including 5 warrants issued in US dollars), constituting, at the same time, 2.554 deposits with the full amounts of the funds obtained and in the same currency. Also, the Company had 348 outstanding issuances in GB pounds, constituting, at the same time, 348 deposits with the full amount of the funds obtained and in the same currency. In addition, the Company had 33 outstanding issuances in CHF, constituting, at the same time, 33 deposits with the full amount of the funds obtained and in the same currency. Furthermore, the Company had 7 outstanding issuances in PEN, constituting, at the same time, 7 deposits with the full amount of the funds obtained and in the same currency. Moreover, the Company had 1 outstanding issuance in MXN and 1 outstanding issuance in MXV, constituting, at the same time, 1 deposit each with the full amount of the funds obtained and in the same currencies. The Company had also 13 outstanding issuances in COP, constituting, at the same time, 13 deposits with the full amount of the funds obtained and in the same currency. Finally, the Company had 2 outstanding issuances in JPY, constituting, at the same time, 2 deposits with the full amount of the funds obtained and in the same currency. The interest rates related to the deposits are identical to those related to the issues. As a result, the exchange differences in this connection were no significant.

6. Risk exposure

The use of financial instruments may involve the transfer of one or more types of risk. The risks associated with these financial instruments are:

- **Credit risk:** Credit risk is defined as the risk that one party entitled to a financial instrument will cause a financial loss to another party by failing to discharge an obligation. In accordance with IFRS 7 "Financial Instruments: Disclosures", the maximum credit risk exposure in the balance sheet as of December 31st, 2021, and 2020, amounted to EUR 4,567,285 thousand and EUR 3,733,501 thousand, respectively.

As of December 31st, 2021 and 2020, credit risk is concentrated geographically in Spain, with the Parent Company. As of December 31st, 2021, and 2020 there are no impaired assets.

- **Market risks:** These are defined as the risks arising from the maintenance of financial instruments whose value may be affected by changes in market conditions. It includes four types of risks:
 - **Interest rate risk:** This risk arises as a result of changes in market interest rates. Changes in interest rates affect the interest received from deposits and the interest paid on issues equally. Therefore, the changes in interest rates offset each other and there is no risk.
 - **Foreign exchange risk:** This is the risk resulting from variations in foreign exchange rates. Since the funds obtained by the Company from the issues are invested in deposits in the same currency, the exposure to currency risk is not relevant. Changes in foreign exchange rates affect face value and interests from deposits and face value and interests paid on issues equally. Therefore, the changes in foreign exchange rates offset each other and there is no risk.

- Price risk: This is the risk resulting from variations in market prices, either due to factors specific to the instrument itself, or alternatively to factors which affect all the instruments traded on the market. The fair value of the issues launched does not differ significantly from the fair value of the deposits since their features (amount, term and interest rate) are the same and there is no risk.
- Equity risk: This arises as a result of movements in share prices. This risk is generated in spot positions in derivative products whose underlying asset is a share or an equity index. Changes in share prices affect face value and payments of derivatives on deposits and face value and interests paid on issues equally. Therefore, the changes in share prices offset each other and there is no risk.
- Liquidity risk: This is the possibility that a company cannot meet its payment commitments duly, or, to do so, must resort to borrowing funds under onerous conditions, or risking its image and the reputation of the entity. The Company obtains the liquidity required to meet interest payments, redemptions of issues from deposits on the issues arranged with Banco Bilbao Vizcaya Argentaria, S.A. The liquidity to meet the interest payments on the debt securities is derived from interest earned on BBVA deposits, which have similar maturities. The breakdown of the nominal amounts, in thousands of euros, of the deposits and issues by maturities as of December 31st, 2021 and 2020 is as follows:

December 31st, 2021	Demand	Up to 1 Month	1 to 3 Months	3 to 12 Months	1 to 3 Years	3 to 5 Years	Over 5 Years	Total
ASSETS:								
Non-current assets								
- Long-Term deposits due from Parent	-	-	-	-	1,327,932	1,275,790	1,661,545	4,265,267
Current assets								
- Short-Term part of deposits due from Parent	-	28,151	105,521	338,651	-	-	-	472,323
LIABILITIES:								
Long-Term liabilities								
- Long-Term debt securities issued	-	-	-	-	1,327,932	1,275,790	1,661,545	4,265,267
Short-Term liabilities								
- Short-Term debt securities issued	-	28,151	105,521	338,651	-	-	-	472,323

December 31st, 2020	Demand	Up to 1 Month	1 to 3 Months	3 to 12 Months	1 to 3 Years	3 to 5 Years	Over 5 Years	Total
ASSETS:								
Non-current assets								
- Long-Term deposits due from Parent	-	-	-	-	810,599	1,038,338	1,256,030	3,104,967
Current assets								
- Short-Term part of deposits due from Parent	-	25,534	55,468	463,420	-	-	-	544,422
LIABILITIES:								
Long-Term liabilities								
- Long-Term debt securities issued	-	-	-	-	810,599	1,038,338	1,256,030	3,104,967
Short-Term liabilities								
- Short-Term debt securities issued	-	25,534	55,468	463,420	-	-	-	544,422

The Appendix III details the breakdown of the outstanding debt securities by currency and the Appendix I gives the breakdown of outstanding deposits in BBVA to cover the liquidity necessary for such maturities.

All the expenses of the Company are covered through an expense assumption agreement between the Company and BBVA.

- Concentration risk: The Company is a wholly-owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A., a Spanish banking institution headquartered in Bilbao, Spain, and is therefore integrated in the Banco Bilbao Vizcaya Argentaria Group.

The Company's notes are totally guaranteed by the Parent Company. No additional collateral is established. The Company's deposits are totally due from the Parent Company.

All notes and derivatives registered by the Company are back-to-back and therefore, there is no effect in the income statement. All notes are linked to specific assets and are guaranteed by the Parent Company. Taking into account this consideration and assuming that the credit spread of the Parent Company and BBVA Global Markets B.V. is the same (same interest rate, maturity and other features), the estimation of the counterparty credit risk associated to derivatives would be the same in assets and liabilities. The Parent Company is the only guarantor for the BBVA Global Markets' Notes.

Any adverse changes affecting the Spanish economy are likely to have an adverse impact on the Parent Company's financial situation and consecutively, on the Company's financial condition, results of operations and cash flows. Negative economic conditions are mitigated by Banco Bilbao Vizcaya Argentaria, S.A. and its subsidiaries, showing a great and demonstrated capacity for generating earnings based on the diversification of its geographical business areas. As of the date of these financial statements the qualifications of BBVA Group by some of the main rating agencies, shows a grade A.

Additionally, there has not been any default position to the date. All BBVA Global Markets B.V.'s deposits due from Parent related to notes with maturity in the year ended December 31st, 2021, and previous years until the date of this report, have been reimbursed.

- Other risks: The Company as a wholly-owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A., is subject to risks and uncertainties ensuing from changes in legislation and regulation in Banking and Capital Markets in Europe. In addition, considering the operations of the Company, risks arisen from internal and external reporting is limited.

In 2020, the COVID-19 pandemic had adverse effects on the Group's results and capital base. During 2021, the pandemic has continued to evolve with gradual improvements in the global economic conditions, mainly due to the vaccination progress against the coronavirus and the significant economic stimuli adopted by authorities, which have supported the improvement in the 2021 results of the Group. However, there are still uncertainties about the future final impact of the COVID-19 pandemic, mainly in consideration of the increasing number of infections caused by new variants of the coronavirus. The Group continuously monitors these changes and their impacts on the business.

The impact of the geopolitical and macroeconomic challenges is currently unknown and, while the Group's direct exposure to Ukraine and Russia is limited, they could significantly and adversely affect the Group's business, financial condition and results of operations. Geopolitical and economic risks have also increased over the past few years as a result of trade tensions between the United States and China, Brexit, the rise of populism and tensions in the Middle East. Growing tensions may lead, among others, to a deglobalization of the world economy, an increase in protectionism or barriers to immigration, a general reduction of international trade in goods and services and a reduction in the integration of financial markets, any of which could materially and adversely affect the Group's business, financial condition and results of operations.

The Company has no direct exposure to Ukraine and Russia

Presented with the current situation and given the Company's activity, the risks must be analyzed within the Group in which it operates. For this matter, BBVA Group has focused its attention on ensuring continuity in the operational security of the business as a priority and monitoring the impacts on the business and the Group's risks (such as impacts on results, capital or liquidity). Additionally, BBVA Group adopted a series of measures to support its main stakeholders from the beginning. This way, the Group's long-term strategic purpose and priorities remain the same and are even reinforced with its commitment to technology and data-based decision making. Due to the current situation, the estimates made by the Company as of December 31st, 2021 have been made based on the best information available on the events analyzed. Likewise, the Company's Directors have concluded that the going concern principle continues to be applied in the formulation of the following annual accounts.

Risk concentration

Risk concentration limits are established at a Group level. In the trading area, limits are approved each year by the Board's Risk Committee on exposures to trading, structural interest rate, structural currency, equity and liquidity risk at the banking entities and in the asset management, pension and insurance businesses. These limits factor in many variables, including economic capital and earnings volatility criteria, and are reinforced with alert triggers and a stop-loss scheme.

In relation to credit risk, maximum exposure limits are set by customer and country; generic limits are also set for maximum exposure to specific deals and products. Upper limits are allocated based on iso-risk curves, determined as the sum of expected losses and economic capital, and its ratings-based equivalence in terms of gross nominal exposure.

There is also an additional guideline in terms of oversight of maximum risk concentration up to and at the level of 10% of equity: stringent requirements in terms of in-depth knowledge of the counterparty, its operating markets, and sectors.

7. Cash and cash equivalents

The balance of this heading of the statements of financial position as of December 31st, 2021 and 2020 includes the amount of demand deposits held by the Company at Banco Bilbao Vizcaya Argentaria, S.A. as of that date, which bears no interest. The aforementioned amount is recorded as a freely disposable liquid assets (see Note 16).

8. Deposits due from Parent

As of December 31st, 2021, and 2020, the amounts registered under these captions of the statement of financial position are composed as follows:

Deposits due from Parent	Thousands of Euros	
	December 31st 2021	December 31st 2020
Long-Term deposits due from Parent (see Note 16)	4,085,446	3,168,922
Short-Term deposits due from Parent (see Note 16)	481,839	564,579
Total	4,567,285	3,733,501

As of December 31st, 2021 and 2020, and as required by IFRS 7 “Financial Instruments: Disclosures”, the credit risk associated to the deposits placed at the Parent Company represented a negative amount of EUR 216,134 thousand and EUR 95,872 thousand, respectively.

The breakdown by currency of the balance of this heading in the accompanying statements of financial position is detailed in Appendix I.

During the year ended on December 31st, 2021, full early redemption was applied for 2,163 outstanding issues (725 outstanding issues during 2020) and, therefore, the Company cancelled the associated deposits whose nominal value was the same amount. The detail by currency is included in Appendix II.

The interest generated for the Company by all of the deposits placed at the Parent Company in 2021 and 2020 amounted to EUR 345,968 thousand and EUR 149,061 thousand, respectively, and was recorded under the heading “Gains (losses) on financial assets and liabilities designated at fair value through profit or loss, net” in the accompanying statements of profit or loss and other comprehensive income (see Note 16).

Additionally, the detail of the deposits by currency, both placed and matured during the years ended December 31st, 2021 and 2020 is as follows:

2021		
Currency	Number of deposits / debt securities	Initial and Redemption Nominal Amount (Thousands of original Currency)
EUR	3	36,004
MXN	1	20,487
USD	9	13,540
CHF	1	828

2020		
Currency	Number of deposits / debt securities	Initial and Redemption Nominal Amount (Thousands of original Currency)
MXN	8	436,966
USD	27	21,150

9. Debt securities issued

On November 10th, 2009 the Company’s Board of Directors approved a Structured Medium Term Note Programme targeted to international investors (hereinafter, “SMTN Programme”) to issue notes, denominated in any currency, up to an aggregated amount of EUR 2,000,000,000 which was increased to

EUR 4,000,000,000 in 2017 and to EUR 6,000,000,000 in 2021. In February 9th, 2021, the Board of Directors of both BBVA Global Markets, B.V. and BBVA Global Securities, B.V. approved the entry of BBVA Global Securities, B.V. in the SMTN Programme. The obligations of the Company in respect of the notes are unconditionally and irrevocably guaranteed by Banco Bilbao Vizcaya Argentaria, S.A., as guarantor. In 2021, the issuers performed the last update of the Programme on July 1st, 2021 (hereinafter, "SMTN Programme update").

On December 21st, 2011 the Company's Board of Directors approved a EUR 2,000,000,000 Programme for the Issue of Warrants which was reduced to EUR 1,000,000,000 in 2021. The obligations of the Company in respect of the warrants are unconditionally and irrevocably guaranteed by Banco Bilbao Vizcaya Argentaria, S.A., as guarantor. During 2021, the Company has issued 1 warrant, and the last update of the Programme was on July 1st, 2021 (hereinafter, "Warrant Programme update").

On March 12th, 2015 the Company's Board of Directors approved a Structured Medium Term Note Programme targeted to Spanish investors (hereinafter, "CNMV Programme") to issue notes, denominated in any currency, up to an aggregated amount of EUR 2,000,000,000 in 2021. The obligations of the Company in respect of the notes are unconditionally and irrevocably guaranteed by Banco Bilbao Vizcaya Argentaria, S.A., as guarantor. The Company performed the last update of the Programme on July 15th, 2021 (hereinafter, "CNMV Programme update").

As of December 31st, 2021 and 2020, the debt securities fair values are composed of the host contract, its embedded derivatives, as well as the interests payable to third parties of the issuances (see Note 11), as follows:

Debt securities issued	Thousands of Euros	
	December 31 st 2021	December 31 st 2020
Long-Term debt securities issued	4,085,446	3,168,922
Short-Term debt securities issued	481,839	564,579
Total	4,567,285	3,733,501

As of December 31st, 2021 and 2020, and as required by IFRS 7 "Financial Instruments: Disclosures", the credit risk associated to the debt securities issued represented a negative amount of EUR 216,134 thousand and EUR 95,872 thousand, respectively.

The breakdown by currency of the balance of this heading in the accompanying statements of financial position is detailed in Appendix III.

During 2021, full early redemption was applied for 2,163 outstanding issues (725 outstanding issues during 2020). The detail of those issues appears in Appendix II.

The interests generated by the Company for the debt issuances as of December 31st, 2021 and 2020 amounted to EUR 345,968 thousand and EUR 149,061 thousand, respectively, and was recorded under the heading "Gains (losses) on financial assets and liabilities designated at fair value through profit or loss, net" in the accompanying statements of profit or loss and other comprehensive income.

A detail of issues made by the Company during the years ended December 31st, 2021 and 2020 with maturity in the same issuance year is included in "Note 8 – Deposits due from Parent".

All the debt securities issued outstanding as of December 31st, 2021 and 2020 are listed.

10. Shareholders equity

The movement's detail of shareholder's equity during 2021 and 2020 is presented in the "Statements of Changes in Equity".

Issued Share Capital

The authorized share capital of the Company is EUR 90,000 divided into 900 ordinary shares of EUR 100 par value each, fully paid, The Company is a direct wholly-owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A. and does not have any subsidiaries of its own.

11. Financial instruments

We refer to Note 6 for the Company's risk management.

Interest rate risk management

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates.

A change of 50 positive basic points regarding the interest rates, would cause no impact on the Company's statement of profit or loss and other comprehensive income for the year ended December 31st, 2021. Likewise, a negative change of such interest rate would cause an identical impact on the Company's statement of profit or loss and other comprehensive income.

Fair value of financial instruments

As of December 31st, 2021 the floating interest rate deposits at Parent (see Note 8) are related to the Company's debt instruments, the return on which is based on fixed or floating interest rates as appropriate.

In the following breakdown, the financial instruments classified as "Fair value (Level 2)" are those, which have been measured with techniques using inputs drawn from observable market data. Referring to the instruments that are included in "Fair value (Level 3)" are those which values are based on models and unobservable inputs (see Notes 2.c and 2.j).

The valuation techniques and the inputs used in fair value measurement of the Level 2 and Level 3 positions are showed as follows:

	Valuation technique(s)	Observable inputs	Unobservable inputs
ASSETS			
Loans and advances	Present-value method (Discounted future cash flows)	- Prepayment rates - Issuer's credit risk - Current market interest rates	- Prepayment rates
Embedded derivatives			
Interest rate	Interest rate products (Interest rate swaps, Call money Swaps y FRA): Discounted cash flows Caps/Floors: Black, Hull-White y SABR Bond options: Black Swaptions: Black, Hull-White y LGM Other Interest rate options: Black, Hull-White y LGM Constant Maturity Swaps: SABR	- Exchange rates - Current market interest rates - Underlying assets prices: shares, funds, etc. - Market observable volatilities - Issuer credit spread levels - Quoted dividends - Market listed correlations	- Beta - Implicit correlations between tenors - interest rates volatility - Volatility of volatility - Implicit assets correlations - Long term implicit correlations - Implicit dividends and long term repos - Correlation default - Credit spread - Recovery rates - Interest rate yield - Default volatility
Equity	Equity Options: Local Volatility, Momentum adjustment, Heston Stochvol model.		
Credit	Credit Derivatives: Default model and Gaussian copula		

	Valuation technique(s)	Observable inputs	Unobservable inputs
LIABILITIES			
Debt securities	Present-value method (Discounted future cash flows)	- Prepayment rates - Issuer's credit risk - Current market interest rates	- Prepayment rates
Embedded derivatives			
Interest rate	Interest rate products (Interest rate swaps, Call money Swaps y FRA): Discounted cash flows Caps/Floors: Black, Hull-White y SABR Bond options: Black Swaptions: Black, Hull-White y LGM Other Interest rate options: Black, Hull-White y LGM Constant Maturity Swaps: SABR	- Exchange rates - Current market interest rates - Underlying assets prices: shares, funds, etc. - Market observable volatilities - Issuer credit spread levels - Quoted dividends - Market listed correlations	- Beta - Implicit correlations between tenors - Interest rates volatility - Volatility of volatility - Implicit assets correlations - Long term implicit correlations - Implicit dividends and long term repos - Correlation default - Credit spread - Recovery rates - Interest rate yield - Default volatility
Equity	Equity Options: Local Volatility, Momentum adjustment, Heston Stochvol model.		
Credit	Credit Derivatives: Default model and Gaussian copula		

There has not been any significant changes in the valuation techniques in the current year for any class of assets or liabilities.

As of December 31st, 2021 and 2020, the financial instruments fair values as required by IFRS 7 "Financial Instruments: Disclosures", where deposits and debt securities, are as follows:

December 31st, 2021:

	Thousands of Euros		
	Carrying amount	Fair value (Level 2)	Fair value (Level 3)
ASSETS			
Deposits due from Parent	4,567,285	4,187,991	379,294
LIABILITIES			
Debt securities issued	4,567,285	4,187,991	379,294

December 31st, 2020:

	Thousands of Euros		
	Carrying amount	Fair value (Level 2)	Fair value (Level 3)
ASSETS			
Deposits due from Parent	3,733,501	3,471,839	261,662
LIABILITIES			
Debt securities issued	3,733,501	3,471,839	261,662

Transfers between levels

The financial instruments transferred between the different levels of measurement for the year ended December 31st, 2021 and 2020 are recorded at the following amounts:

As of December 31st, 2021:

	From:	Level 1		Level 2		Level 3	
	To:	Level 2	Level 3	Level 1	Level 3	Level 1	Level 2
ASSETS							
Deposits due from parent		-	-	-	35,595	-	48,767
LIABILITIES							
Debt securities issued		-	-	-	35,595	-	48,767

As of December 31st, 2020:

	From:	Level 1		Level 2		Level 3	
	To:	Level 2	Level 3	Level 1	Level 3	Level 1	Level 2
ASSETS							
Deposits due from parent		-	-	-	70,812	-	47,354
LIABILITIES							
Debt securities issued		-	-	-	70,812	-	47,354

Transfers between levels (notwithstanding from level 3 to level 2 or from level 2 to level 3 are based on the observability of inputs according to their valuation (see Note 2.j). Thus the market and its deepness determines if a position is level 2 (according to observable input valuation) or level 3 (according to observable input valuation). In addition to observability, IFRS 13 permits allotment being made according to materiality criteria, in order to determine if a non-observability is sufficiently material whether as to classify its valuation as level 3 or level 2.

This way of classification focusses on a market snapshot at a given date and the observability of its inputs (being said inputs understood as pure market inputs as market parameters), at it being a classification based on "mark-to-market", there is a constant flow of reclassifications in place, based on the situation of inputs at any given moment in time, justifying certain positions passing from level 3 to level 2 or from level 2 to level 3.

During 2021, the net decrease in Level 3 positions is mainly due to the decrease in non-observability inputs in certain underlying assets with Vega Equity and correlation with Equity risk factors sensitivity, affecting the total non-observability of those notes whose coupons are linked to equity volatility or equity correlation variables.

Level 3 fair value

The changes in the balance of Level 3 financial assets and liabilities included in the accompanying balance sheets during 2021 and 2020 are as follows:

	2021		2020	
	Assets	Liabilities	Assets	Liabilities
Balance at the beginning of the year	261,662	261,662	65,466	65,466
Changes in fair value recognized in profit and loss	(216)	(216)	(753)	(753)
Changes in fair value not recognized in profit and loss	-	-	-	-
Acquisitions, disposals and liquidations	131,024	131,024	173,491	173,491
Net transfers to Level 3	(13,176)	(13,176)	23,458	23,458
Exchanges differences and others	-	-	-	-
Balance at the end of the year	379,294	379,294	261,662	261,662

Sensitivity Analysis

Sensitivity analysis is performed on financial instruments with significant unobservable inputs (financial instruments included in level 3), in order to obtain a reasonable range of possible alternative valuations. This analysis is carried out on a quarterly basis, based on the criteria defined by the Global Valuation Area taking into account the nature of the methods used for the assessment and the reliability and availability of inputs and proxies used, and in line with the prudent valuation requirements and measurements. In order to establish, with a sufficient degree of certainty, the valuating risk that is incurred in such assets at risk factor level.

As of December 31st, 2021, the effect on profit for the year of changing the main unobservable inputs used for the measurement of Level 3 financial instruments for other reasonably possible unobservable inputs, taking the highest (most favorable input) or lowest (least favorable input) value of the range deemed probable, would be as follows:

	Potential impact on income statement	
	Most favourable hypothesis	Least favourable hypothesis
ASSETS		
Non-trading financial assets mandatorily at fair value through profit or loss		
Loans and advances	-	-
Embedded derivatives	1,919	(1,919)
Interest rate	658	(658)
Equity	1,261	(1,261)
Credit	-	-
Total	1,919	(1,919)
LIABILITIES		
Financial liabilities designated at fair value through profit or loss		
Debt securities	-	-
Embedded derivatives	1,919	(1,919)
Interest rate	658	(658)
Equity	1,261	(1,261)
Credit	-	-
Total	1,919	(1,919)

Market risk management

The Company's activities expose it primarily to the financial risks of changes in foreign currencies, exchange rates and interest rates.

Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies. Hence, exposure to exchange rate fluctuation is in place.

From the disclosure in Note 8 "*Deposits due from Parent*" and Appendixes I, II and III it can be noted that the foreign currencies are the same. As a result, the foreign currency risk is considered to be limited.

Credit risk management

Most of the assets are with Banco Bilbao Vizcaya Argentaria, S.A., the sole shareholder of the Company. The financial performance and positions of Banco Bilbao Vizcaya Argentaria, S.A. are important for the recoverability of the exposures in place.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

From the disclosure in Note 6 "*Risk Exposure*" it can be noted that the maturity profiles are the same.

12. Personnel

The Company had no employees during the years ended on December 31st, 2021 and 2020. The Managing Directors are employees at Banco Bilbao Vizcaya Argentaria, S.A. All administrative and accounting tasks are performed by employees of the Parent Company.

13. Operating segments

For management purposes, the Company is organized into one main operating segment.

14. Auditor remuneration

The auditor's remuneration for years 2021 and 2020 amounted to EUR 39 thousand and EUR 33 thousand, respectively, and was recorded under the heading "Other operating expenses" in the accompanying statements of profit or loss and other comprehensive income.

15. Tax matters

Pursuant to the provisions of Law 27/2014, of November 27th, of Corporate Income Tax, the Company is subject to corporate income tax in Spain. The Company also files consolidated tax returns as part of the 2/82 Group, whose parent company is Banco Bilbao Vizcaya Argentaria, S.A.

The company qualifies since 1st January 2015 to the Special Regime of Group Entities (REGE for its acronym in Spanish) pursuant to the provisions of article 163 and followings of the 37/1992 Law of Value Added Tax. According to this Law, the tax base of the services granted in Spain within the Group is made up of the costs of the services incurred, in which VAT has been supported, and therefore the entity can deduct the whole VAT supported. The right to deduct is of the Company, the parent entity (BBVA, S.A.) is the legal representative of the group.

At the date of preparation of these financial statements, the Company has open for inspection by tax authorities the last four years for the main taxes.

Current Balances with Public Administrations

The composition of the current balances with the Public Administrations as of December 31st, 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	2020
ASSETS:		
Input VAT (REGE)	122	1
	122	1
LIABILITIES:		
Current Income Tax (see Note 16)	10	-
Withholding tax	51	61
	61	61

Reconciliation between taxable income and taxable corporate income tax

The breakdown of the account reconciliation between taxable income and taxable corporate income tax as of December 31st, 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	2020
Profit before taxes	42	(13)
Permanent differences		
Increases	-	3
Decreases	-	-
Adjusted profit	42	(10)
Temporary differences		
Increases	-	-
Decreases	-	-
Set-off of tax losses	(10)	-
Taxable base	32	(10)
Tax rate	30%	30%
Gross tax payable	10	-
Deductions	-	-
Tax withholdings and pre-payments	-	-
Net tax payable	10	-

Corporate income tax expense

Below is the calculation of the Company Tax expense for years 2021 and 2020:

	Thousands of Euros	
	2021	2020
Taxable base	32	(10)
30% on the taxable base	10	-
Impact due to temporary differences	-	-
Deduction due to double taxation	-	-
Tax accrued in the fiscal year	10	-
(Activation) / Set-off activated tax loss carry forward	3	(3)
Adjust due to Corporate Income Tax on variation of temporary difference	-	-
Adjust due to Corporate Income Tax in previous fiscal years	-	-
Expense/(Income) due to Corporate Income Tax	13	(3)

As of December 31st, 2021 and 2020, the Company presents deferred tax assets amounting EUR 322 thousand and EUR 325 thousand, respectively, included in the heading “Other long-term assets” of the statements of financial position (see Note 16).

16. Related party balances and transactions

The detail of the main balances and transactions made by the Company on an arm's length basis with other companies belonging to the BBVA Group as of December 31st, 2021 and 2020, respectively, correspond with balances and transactions with the sole-shareholder, Banco Bilbao Vizcaya Argentaria, S.A., and are as follows:

<i>Thousands of Euros</i>	2021	2020
STATEMENTS OF FINANCIAL POSITION		
Assets-		
Long-Term deposits due from Parent (Note 8)	4,085,446	3,168,922
Deferred tax assets (Note 15)	322	325
Short-Term part of deposits due from Parent (Note 8)	481,839	564,579
Other assets (Note 15)	122	1
Cash and cash equivalents (Note 7)	311	626
Liabilities-		
Credit account	403	635
Current tax liabilities (Note 15)	10	-
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Income/(Expenses)-		
Interest income and similar income (Note 8)	345,968	149,061
Other operating income	405	327
Other operating expenses	(207)	(130)
Credit account interest expense	(21)	(7)

No remuneration is paid by the Company to the Managing Directors as they are not employed by the Company, as they are employees of the Parent Company.

All the notes are unconditionally and irrevocably guaranteed by the Parent Company.

17. Proposed appropriation of results

The result of the year 2021 is included in the shareholder's equity as “Result of the period”. As of April 27th, 2021 the shareholder adopted the decision of including the net result for the year ended December 31st, 2020 in “Shareholder's equity” as “Other reserves”.

18. Subsequent events

From January 1st, 2022 until the date of these financial statements, the Company has issued the following notes:

2022		
Currency	Number of Issues / Deposits at Parent	Nominal Amount (Thousands of original Currency)
USD	636	749,396
EUR	109	120,756
GBP	68	61,483
CHF	6	18,712

From January 1st, 2022 until the date of these financial statements, the Company has also issued 2 warrants amounting of USD 161 thousands.

Additionally, from January 1st, 2022 until the date of these financial statements full early redemption was applied for 322 outstanding issues and, therefore, the Company cancelled the associated deposits whose nominal value was the same amount. The detail of those issues is as follows:

2022		
Currency	Number of Issues / Deposits at Parent	Nominal Amount (Thousands of original Currency)
USD	227	294,388
EUR	43	38,165
GBP	36	40,488
CHF	16	90,770

As also noted in Note 6 to the financial statements, on 24 February 2022 Russia invaded Ukraine. As of the date of these financial statements, there are no direct exposures for the Company to Russia and/or Ukraine.

From January 1, 2022 to the date of preparation of these Financial Statements, no other subsequent events not mentioned above in these financial statements have taken place that could significantly affect the Company's earnings or its equity position.

19. Remuneration of directors

No remuneration is paid by the Company to the Managing Directors. The Managing Directors receive remuneration from Banco Bilbao Vizcaya Argentaria, S.A. The Managing Directors are as follows:

Name	Position of the Company	Present Principal Occupation Outside of the Company
Marian Coscarón Tome	Managing Director	Head of Global Structured Securities of BBVA
Christian Hojbjerre Mortensen	Managing Director	Global Structured Securities manager of BBVA

In June 10, 2020, the Shareholder's meeting approved the cessation of a Board member. As a result, the Managing Directors of the company consisted of a man and a woman

20. Sign off

Madrid, April 26th, 2022

Board of Directors:

Marian Coscarón Tomé

Christian Hojbjerre Mortensen

OTHER INFORMATION

Statutory provisions concerning the appropriation of results

The appropriation of profit is governed by Article 21 of the articles of association. The profit is at free disposal of the general meeting. The general meeting may decide to pay dividend (if the Company is profitable), only after adoption of the annual accounts and if profit so permits.



Independent auditor's report

To: the General Meeting of Shareholders and the Audit Committee of BBVA Global Markets B.V.

Report on the audit of the financial statements 2021 included in the annual report

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of BBVA Global Markets B.V. (the Company) as at 31 December 2021 and of its result and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2021 of BBVA Global Markets B.V. based in Amsterdam

The financial statements comprise:

- 1 the statement of financial position as at 31 December 2021;
- 2 the following statements for 2021: profit or loss and other comprehensive income, changes in equity and cash flows; and
- 3 the notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of BBVA Global Markets B.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).



Our audit procedures were determined in the context of our audit of the financial statements as a whole. Our observations in respect of going concern, fraud and non-compliance with laws and regulations and the key audit matters should be viewed in that context and not as separate opinions or conclusions.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit approach

Summary

Materiality

- Materiality of EUR 46 million
- 1.0% of Total assets

Going concern and Fraud/Noclar

- Going concern: no significant going concern risks identified
- Fraud & Non-compliance with laws and regulations (Noclar): in our audit we incorporate the risk of management override of controls and the assessment of the risk of material misstatements of the financial statements due to non-compliance with laws and regulations

Key audit matters

- Identification of embedded derivatives

Opinion

Unqualified

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 46 million (2020: EUR 34 million). The materiality is determined with reference to total assets (1.0%). We consider total assets as the most appropriate benchmark because this reflects the entity's main objective being the issuance of debt and the financing of Banco Bilbao Vizcaya Argentaria, S.A. as parent company. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Audit Committee that misstatements identified during our audit in excess of EUR 2.3 million, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.



Audit response to going concern – no significant going concern risks identified

The Board of Directors has performed its going concern assessment and has not identified any significant going concern risks. Our main procedures to assess the Board of Directors' assessment were:

- we considered whether the Board of Directors' assessment includes all relevant information of which we are aware as a result of our audit;
- we analysed the company's financial position as at year-end and compared it to the previous years in terms of indicators that could identify significant going concern risks.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on the Board of Directors' going concern assessment.

Audit response to the risk of fraud and non-compliance with laws and regulations

As part of our audit, we have gained insights into the Company and its business environment, and assessed the Company's risk management in relation to fraud and non-compliance. As part of our audit procedures, we:

- performed the relevant inquiries with management
- inspected correspondence with relevant supervisory authorities and regulators;
- considered the outcome of our other audit procedures and evaluated whether any findings or misstatements were indicative of fraud or non-compliance

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to the Company and identified the anti-money laundering and terrorist financing law as those most likely to have a material effect on the financial statements:

We evaluated the fraud and non-compliance risk factors to consider whether those factors indicate a risk of material misstatement in the financial statements.

Based on the above and on the auditing standards, we identified the following risk that is relevant to our audit and responded as follows:

Management override of controls (a presumed risk)

Risk:

- Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Responses:

- We evaluated the design and the implementation of internal controls related to journal entries that mitigate fraud and non-compliance risks.

- We performed a data analysis of high-risk journal entries and evaluated key estimates and judgments for bias by the Company's management. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk, including testing of transactions back to source information.
- We incorporated elements of unpredictability in our audit, including specific item selection of financial instruments for independent valuation based on various risk factors identified.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Audit Committee. The key audit matters are not a comprehensive reflection of all matters discussed.

Identification of embedded derivatives

Description

Certain instruments issued by the company include embedded derivatives such as credit default swaps and equity options. It is the objective of the company to economically hedge all exposure to market risk with the Parent company. Identifying and accurate reporting of embedded derivatives is complex. Failing to accurately identify embedded derivatives can have a material effect on the financial statements and it may expose the company to market risk as there is no economic hedge. We therefore considered this to be a key audit matter.

Our response

Our audit procedures include an assessment of the company's internal controls and substantive testing of embedded derivatives. We have performed, among others things, the following procedures with respect to the identification, recognition and valuation of embedded derivatives:

- Tested the design and operating effectiveness of internal control over the identification of embedded derivatives.
- Performed substantive procedures over a sample of instruments issued by the company to determine that any embedded derivatives were identified and correctly recognized and reported on.
- Performed independent valuation procedures for a sample of instruments issued including identification of relevant attributes of the embedded derivatives.



Our observation

Based on our audit procedures we found embedded derivatives included in the instruments issued by the company have been correctly identified and accurately reported in the financial statements in accordance with EU-IFRS.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Board of Directors is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were engaged by the Audit Committee as auditor of BBVA Global Markets B.V. on 9 June 2016, as of the audit for the year 2017 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

European Single Electronic Format (ESEF)

BBVA Global Markets B.V. has prepared its annual report in ESEF. The requirements for this format are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (these requirements are hereinafter referred to as: the RTS on ESEF).



In our opinion, the annual report prepared in the XHTML format, including the financial statements of BBVA Global Markets B.V., has been prepared in all material respects in accordance with the RTS on ESEF.

Management is responsible for preparing the annual report including the financial statements, in accordance with the RTS on ESEF. Our responsibility is to obtain reasonable assurance for our opinion whether the annual report is in accordance with the RTS on ESEF.

Our procedures taking into consideration Alert 43 of NBA (the Netherlands Institute of Chartered Accountants), included amongst others:

- obtaining an understanding of the entity's financial reporting process, including the preparation of the annual financial report in the XHTML- format;
- examining whether the annual report in the XHTML-format is in accordance with the RTS on ESEF.

Description of responsibilities regarding the financial statements

Responsibilities of the Board of Directors and the Audit Committee for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Directors is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In that respect the Board of Directors, under supervision of the Audit Committee, is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

As part of the preparation of the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. the Board of Directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.



Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is included in the appendix of this auditor's report. This description forms part of our auditor's report.

Amstelveen, 26 April 2022

KPMG Accountants N.V.

W. Bakker RA

Appendix:

Description of our responsibilities for the audit of the financial statements

Appendix

Description of our responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- concluding on the appropriateness of the Board of Directors's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audits of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with the Audit Committee, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

APPENDIX I – Detail of the outstanding Deposits due from Parent

2021		
Currency	Number of Deposits at Parent	Fair Value (Thousands of Euros) (*)
EUR	358	588,391
USD	2,549	3,132,280
GBP	348	365,126
CHF	33	109,606
JPY	2	661
MXN	1	78,689
PEN	7	23,186
COP	13	215,324
MXV	1	53,769
Total Deposits at Parent as of December 31, 2021	3,312	4,567,032

(*) This detail does not include five warrants in US dollars issued as of December 31st, 2021, amounting a positive value of EUR 253 thousands.

2020		
Currency	Number of Deposits at Parent	Fair Value (Thousands of Euros) (*)
CHF	68	223,394
CLP	2	14,853
COP	15	202,598
EUR	238	809,492
GBP	272	273,937
JPY	3	1,127
MXN	3	112,867
PEN	4	17,920
SEK	1	547
USD	1,600	2,076,652
Total Deposits at Parent as of December 31, 2020	2,206	3,733,387

(*) This detail does not include six warrants in US dollars issued as of December 31st, 2020, amounting a positive value of EUR 114 thousands.

This Appendix I is an integral part of the note 8 of these financial statements.

APPENDIX II – Detail of the deposits associated to early redemption outstanding issues

Deposits by currency associated to early redemption of fully amortized issues during 2021 and 2020:

2021		
Currency	Number of Issues / Deposits at Parent	Redemption Nominal Amount (Thousands of original Currency)
EUR	167	272,870
USD	1,740	2,072,192
GBP	155	130,253
CHF	99	419,910
JPY	1	52,750
SEK	1	5,000

2020		
Currency	Number of Issues / Deposits at Parent	Redemption Nominal Amount (Thousands of original Currency)
CHF	75	349,565
EUR	63	105,538
GBP	32	34,594
PEN	1	7,200
USD	554	1,442,389

Deposits by currency associated to early redemption of partially amortized issues during 2021 and 2020:

2021					
Currency	Number of Issues / Deposits at Parent	Initial Nominal Amount (Thousands of original Currency)	Redemption Nominal Amount (Thousands of original Currency)	Final Nominal Amount (Thousands of original Currency)	Final Value (Thousands of Euros)
EUR	4	16,954	11,293	5,661	5,834
USD	3	33,871	11,550	22,321	19,145

2020					
Currency	Number of Issues / Deposits at Parent	Initial Nominal Amount (Thousands of original Currency)	Redemption Nominal Amount (Thousands of original Currency)	Final Nominal Amount (Thousands of original Currency)	Final Value (Thousands of Euros)
CHF	2	4,030	3,223	807	766
COP	1	174,729,226	17,472,923	157,256,303	46,732
EUR	10	50,750	35,540	15,210	15,864
GBP	2	10,742	10,078	664	792
USD	31	57,580	34,136	23,444	20,318

This Appendix II is an integral part of the Note 8 of these financial statements.

APPENDIX III – Detail of the outstanding issues by currency

2021		
Currency	Number of Issues	Fair Value (Thousands of Euros) (*)
EUR	358	588,391
USD	2,549	3,132,280
GBP	348	365,126
CHF	33	109,606
JPY	2	661
MXN	1	78,689
PEN	7	23,186
COP	13	215,324
MXV	1	53,769
Total Issues as of December 31, 2021	3,312	4,567,032

(*) This detail does not include five warrants in US dollars issued as of December 31st, 2021, amounting a positive value of EUR 253 thousands.

2020		
Currency	Number of Issues	Fair Value (Thousands of Euros) (*)
CHF	68	223,394
CLP	2	14,853
COP	15	202,598
EUR	238	809,492
GBP	272	273,937
JPY	3	1,127
MXN	3	112,867
PEN	4	17,920
SEK	1	547
USD	1,600	2,076,652
Total Issues as of December 31, 2020	2,206	3,733,387

(*) This detail does not include six warrants in US dollars issued as of December 31st, 2020, amounting a positive value of EUR 114 thousands.

This Appendix III is an integral part of the Note 9 of these financial statements.