



**Banco Bilbao Vizcaya Argentaria, S.A.**  
**\$1,200,000,000 0.875% FIXED RATE SENIOR PREFERRED NOTES DUE 2023**  
**\$800,000,000 1.125% FIXED RATE SENIOR PREFERRED NOTES DUE 2025**

The \$1,200,000,000 fixed rate senior preferred notes due 2023 (the “2023 Notes”) will bear interest at 0.875% per year, payable on September 18 and March 18 of each year, beginning on March 18, 2021, up to, and including, September 18, 2023 (the “2023 Notes Stated Maturity Date”). The \$800,000,000 fixed rate senior preferred notes due 2025 (the “2025 Notes”) and, together with the 2023 Notes, the “Notes”) will bear interest at 1.125% per year, payable on September 18 and March 18 of each year, beginning on March 18, 2021, up to, and including, September 18, 2025 (the “2025 Notes Stated Maturity Date” and, each of the 2023 Notes Stated Maturity Date and the 2025 Notes Stated Maturity Date, a “Stated Maturity Date”). The Notes will mature at 100% of their principal amount on their respective Stated Maturity Date. The 2023 Notes and the 2025 Notes constitute separate series of securities issued under the Indenture (as defined herein).

The Notes of each series shall be direct, unconditional, unsubordinated and unsecured obligations of Banco Bilbao Vizcaya Argentaria, S.A. (the “Issuer”) and, upon the insolvency (*concurso de acreedores*) of the Issuer, in accordance with and to the extent permitted by Spanish Royal Legislative Decree 1/2020 of May 5, approving the consolidated text of the Insolvency Law (*Real Decreto Legislativo 1/2020, de 5 de mayo, por el que se aprueba el texto refundido de la Ley Concursal*), as amended, replaced or supplemented from time to time (the “Insolvency Law”) and other applicable laws relating to or affecting the enforcement of creditors’ rights in Spain (including, without limitation, Additional Provision 14.2 of Law 11/2015 (as defined in the accompanying prospectus)), but subject to any other ranking that may apply as a result of any mandatory provision of law (or otherwise), the payment obligations of the Issuer under the Notes with respect to claims for principal (which claims will constitute ordinary claims (as defined herein)) will rank: (i) junior to any (a) privileged claims (*créditos privilegiados*) (which shall include, among other claims, any claims in respect of deposits for the purposes of Additional Provision 14.1 of Law 11/2015), and (b) claims against the insolvency estate (*créditos contra la masa*); (ii) *pari passu* without any preference or priority among themselves and with all other Senior Preferred Obligations (as defined herein); and (iii) senior to (a) any Senior Non-Preferred Obligations (as defined herein), and (b) all subordinated obligations of, or claims against, the Issuer (*créditos subordinados*), present and future, such that any claim for principal in respect of the Notes will be satisfied, as appropriate, only to the extent that all claims ranking senior to it have first been satisfied in full, and then *pro rata* with any claims ranking *pari passu* with it, in each case as provided herein. The Notes of each series are subject to, can be varied, or can change form (including changes to the ranking of the Notes described above), as deemed necessary by the Relevant Spanish Resolution Authority (as defined herein), to give effect to the exercise of the Spanish Bail-in Power (as defined herein) by the Relevant Spanish Resolution Authority.

Neither the U.S. Securities and Exchange Commission (the “SEC”) nor any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement and of the accompanying prospectus. Any representation to the contrary is a criminal offense.

Investing in the Notes involves significant risks. See “Risk Factors” beginning on page S-18 of this prospectus supplement and page 6 of the accompanying prospectus as well as in the documents incorporated by reference.

	Issue Price	Underwriting Discounts and Commissions	Proceeds, before Expenses to the Issuer
Per 2023 Note	99.891%	0.200%	99.691%
Total for 2023 Notes	\$1,198,692,000	\$2,400,000	\$1,196,292,000
Per 2025 Note	99.314%	0.250%	99.064%
Total for 2025 Notes	\$ 794,512,000	\$2,000,000	\$ 792,512,000

Potential investors should review the summary set forth in “Spanish Tax Considerations” beginning on page S-51, regarding the tax treatment in Spain of income obtained in respect of the Notes.

The Notes are not deposits or savings accounts and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency of the United States, Spain or any other jurisdiction.

By its acquisition of any Notes, each holder (including each holder of a beneficial interest in a Note) acknowledges, accepts, consents to and agrees to be bound by the exercise and effects of the Spanish Bail-in Power as set forth under “Certain Terms of the Notes—Agreement with Respect to the Exercise of the Spanish Bail-in Power”.

We intend to apply to list the Notes on the New York Stock Exchange and, if approved, trading is expected to commence within 30 days after the initial delivery of the Notes.

The underwriters expect to deliver the Notes in registered book-entry form through the facilities of The Depository Trust Company (“DTC”) for credit to accounts of direct or indirect participants in DTC, including Clearstream Banking, S.A. (“Clearstream Luxembourg”) and Euroclear Bank SA/NV (“Euroclear”) on or about September 18, 2020, which will be the sixth New York business day following the date of this prospectus supplement (such settlement period being referred to as T+6). Beneficial interests in the Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants.

*Joint Bookrunners*

**BBVA**  
**Credit Agricole CIB**  
**Morgan Stanley**

**Credit Suisse**

**BofA Securities**  
**J.P. Morgan**  
**Wells Fargo Securities**

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## NOTICE TO INVESTORS

*Certain important agreements and acknowledgments of investors, including holders and beneficial owners of the Notes.*

### Spanish Bail-in Power

Notwithstanding any other term of the Notes, the Indenture or any other agreements, arrangements, or understandings between the Issuer and any holder of the Notes, by its acquisition of any Notes, each holder (including each holder of a beneficial interest in the Notes) acknowledges, accepts, consents to and agrees to be bound by: (i) the exercise and effects of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority, which may be imposed with or without any prior notice with respect to the Notes of any series, and may include and result in any of the following, or some combination thereof: (a) the reduction or cancellation of all, or a portion, of the Amounts Due (as defined herein) on such Notes; (b) the conversion of all, or a portion, of the Amounts Due on such Notes into shares, other securities or other obligations of the Issuer or another person (and the issue to or conferral on the holder of any such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of such Notes; (c) the cancellation of such Notes; (d) the amendment or alteration of the maturity of such Notes or amendment of the amount of interest payable on such Notes, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and (ii) the variation of the terms of the Notes of any series, or the rights of the holders thereunder or under the Indenture, as deemed necessary by the Relevant Spanish Resolution Authority, to give effect to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority. See “*Certain Terms of the Notes—Agreement with Respect to the Exercise of the Spanish Bail-in Power*”.

### Substitution and Modification

If an Eligible Liabilities Event (as defined herein) occurs and is continuing with respect to any series of Notes, including as a result of any change in law or regulation or the application or official interpretation thereof, the Issuer may, under certain circumstances and without the consent or approval of the holders or beneficial owners of such Notes, substitute all (but not less than all) of such Notes or modify the terms of all (but not less than all) of such Notes, so that such Notes are substituted by, or their terms are modified to, become again, or remain, Qualifying Securities (as defined herein). See “*Certain Terms of the Notes—Substitution and Modification*”.

By its acquisition of any Note or any beneficial interest therein, each holder and beneficial owner of Notes, (i) acknowledges, accepts, consents to and agrees to be bound by the substitution of or modification to the terms of the Notes as set forth above and to grant to the Issuer and the Trustee full power and authority to take any action and/or to execute and deliver any document in the name and/or on behalf of such holder or beneficial owner, as the case may be, which is necessary or convenient to complete the substitution of or modification to the terms of the Notes, as applicable; and (ii) to the extent permitted by the Trust Indenture Act, waives any and all claims, in law and/or in equity, against the Trustee and/or the Issuer for, agrees not to initiate a suit against the Trustee and/or the Issuer in respect of, and agrees that neither the Trustee nor the Issuer shall be liable for, any action that the Trustee or the Issuer takes, or abstains from taking, in either case in connection with the substitution of or modification to the terms of the Notes upon the occurrence of an Eligible Liabilities Event.

### Selling Restrictions

**The Notes are complex financial instruments and are not a suitable or appropriate investment for all investors. In particular, the Notes shall not be sold to retail investors in any jurisdiction, including the United States.**

In the United States, the Notes are intended to be sold only to institutional investors.

In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Notes to retail investors. By purchasing, or making or accepting an offer to purchase, any Notes from the Issuer and/or the underwriters, each prospective investor represents, warrants, agrees with and undertakes to the Issuer and each Joint Bookrunner that it has and will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the European Economic Area (the “EEA”)) relating to the promotion, offering, distribution and/or sale of the Notes (including without limitation MiFID II (as defined below) as implemented in each Member State of the EEA and

the United Kingdom) and any other applicable laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Notes by investors in any relevant jurisdiction. Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Notes from the Issuer and/or the underwriters, the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.

**MiFID II product governance/Professional investors and ECPs as the only target market/negative target market**—Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 on Markets in Financial Instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (as amended, “**MiFID II**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. The target market assessment indicates that the Notes are incompatible with the knowledge, experience, needs, characteristic and objectives of clients which are retail clients (as defined in MiFID II) and accordingly the Notes shall not be offered or sold to any retail clients. Any person subsequently offering, selling or recommending the Notes (a distributor) should take into consideration the manufacturers’ target market assessment. However, a distributor subject to MiFID II is responsible, among other things, for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

**Prohibition of sales to EEA and United Kingdom retail investors**—The Notes shall not be offered, sold or otherwise made available to any retail investor in the EEA or the United Kingdom. For these purposes, a “**retail investor**” means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation (as defined herein). Consequently, no key information document (“**KID**”) required by Regulation (EU) No. 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the United Kingdom may be unlawful under the PRIIPs Regulation.

**Prohibition on Marketing and Sales to Retail Investors**—The Notes are complex financial instruments and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Notes to retail investors (as defined above). Each of the underwriters has represented and agreed that offers of the Notes in the EEA and the United Kingdom shall only be directed specifically at or made to professional clients as defined in point (10) of Article 4(1) of MiFID II.

By purchasing, or making or accepting an offer to purchase, any Notes (or a beneficial interest in the Notes) from BBVA and/or any underwriters, each prospective investor will be deemed to represent, warrant, acknowledge, consent, accept and undertake to, and agree with, BBVA and each of the underwriters that it is not a retail client (as defined in MiFID II). In addition, each prospective underwriter and Joint Bookrunner will be deemed to represent, warrant, acknowledge, consent, accept and undertake to, and agree with, BBVA that:

- (i) it will not:
  - a. sell or offer the Notes (or any beneficial interests therein) to any retail clients (as defined in MiFID II); or
  - b. communicate (including the distribution of this prospectus supplement, the accompanying prospectus and any related free writing prospectus) or approve any invitation or inducement to participate in, acquire or underwrite the Notes (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client (in each case within the meaning of MiFID II); and
- (ii) it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA and the United Kingdom) relating to the promotion, offering, distribution and/or sale of the Notes (or any beneficial interests therein), including (without limitation) MiFID II and any other applicable laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Notes (or any beneficial interests therein) by investors in any relevant jurisdiction.

Each prospective investor further acknowledges that:

- (i) the identified target market for the Notes (for the purposes of the product governance obligations in MiFID II) is eligible counterparties and professional clients only;
- (ii) the target market assessment indicates that the Notes are incompatible with the knowledge, experience, needs, characteristic and objectives of clients which are retail clients (as defined in MiFID II) and accordingly the Notes shall not be offered or sold to any retail clients; and
- (iii) no KID under the PRIIPs Regulation has been prepared and, therefore, offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Each potential investor in the Notes should inform itself of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the Notes (or any beneficial interests therein).

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Notes (or any beneficial interests therein) from BBVA and/or the underwriters all the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.

**None of this prospectus supplement, the accompanying prospectus or any related free writing prospectus is a prospectus for the purposes of the European Union’s Regulation (EU) 2017/1129 (the “Prospectus Regulation”).**

***Restrictions on Acquisition of Notes by Spanish Residents***—The Notes may not be offered, distributed or sold in Spain in the primary market except to Spanish resident investors in circumstances that satisfy the requirements set forth in the ruling of the Directorate General for Taxation (*Dirección General de Tributos*) of July 27, 2004.

The communication of this prospectus supplement, the accompanying prospectus, any related free writing prospectus and any other document or materials relating to the issue of the Notes offered hereby is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the United Kingdom’s Financial Services and Markets Act 2000, as amended (the “**FSMA**”). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom who have professional experience in matters relating to investments and who fall within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Financial Promotion Order**”), or who fall within Article 49(2)(a) to (d) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as “**relevant persons**”). In the United Kingdom, the Notes offered hereby are only available to, and any investment or investment activity to which this prospectus supplement, the accompanying prospectus and any related free writing prospectus relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this prospectus supplement, the accompanying prospectus or any related free writing prospectus or any of their contents.

## ABOUT THIS PROSPECTUS SUPPLEMENT

**You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We and the underwriters have not authorized anyone to provide you with different information.**

This prospectus supplement, or the information incorporated by reference in this prospectus supplement, may add, update or change information in the accompanying prospectus. If information in this prospectus supplement, or the information incorporated by reference in this prospectus supplement, is inconsistent with the accompanying prospectus, this prospectus supplement, or the information incorporated by reference in this prospectus supplement, will apply and will supersede that information in the accompanying prospectus.

We are offering the Notes for sale in those jurisdictions in the United States and elsewhere where it is lawful to make such offers. The distribution of this prospectus supplement and the accompanying prospectus and the offering of the Notes in some jurisdictions may be restricted by law. If you possess this prospectus supplement and the accompanying prospectus, you should find out about and observe these restrictions. This prospectus supplement and the accompanying prospectus are not an offer to sell the Notes and neither we nor the underwriters are soliciting an offer to buy the Notes in any jurisdiction where the offer or sale is not permitted or where the person making the offer or sale is not qualified to do so or from any person to whom it is not permitted to make such offer or sale. We refer you to the information under “*Underwriting (Conflicts of Interest)*” in this prospectus supplement. The delivery of this prospectus supplement, at any time, does not create any implication that there has been no change in our affairs since the date of this prospectus supplement or that the information contained in this prospectus supplement is correct as of any time subsequent to that date.



## CERTAIN DEFINITIONS

In this prospectus supplement, the following terms will have the meanings set forth below, unless otherwise indicated or the context otherwise requires:

- “**1H20 Form 6-K**” means our report on Form 6-K containing certain information on our financial results as of June 30, 2020 and December 31, 2019 and for the six months ended June 30, 2020 and 2019 furnished to the SEC on July 31, 2020 (Accession No. 0000842180-20-000012).
- “**2019 Form 20-F**” means our annual report on Form 20-F for the fiscal year ended December 31, 2019 filed with the SEC on February 28, 2020.
- “**Additional Amounts**”, with respect to the Notes of a series, means any additional amounts which are payable under the Notes of such series by the Issuer in respect of certain taxes withheld from payments of interest to holders.
- “**BBVA**”, the “**Group**” or “**BBVA Group**” refers to Banco Bilbao Vizcaya Argentaria, S.A. and its consolidated subsidiaries.
- “**Eligible Liabilities Amount**” means the amount of eligible liabilities of the Issuer or the Group for the purposes of Article 45 of the BRRD or Applicable Banking Regulations (each as defined herein) or any other regulations applicable in Spain from time to time.
- “**Eligible Liabilities Event**” means, with respect to the Notes of a series, a change (or any pending change which the Regulator (as defined herein) considers sufficiently certain) in Spanish law or Applicable Banking Regulations or any application or official interpretation thereof, on or after the issue date of such Notes, that results (or is likely to result) in such Notes not meeting the eligibility criteria for their inclusion in the Eligible Liabilities Amount, except for any requirement in relation to the ranking of such Notes upon the insolvency (*concurso de acreedores*) of the Issuer and subject to any limitation on the amount of such Notes that may be eligible for inclusion in the Eligible Liabilities Amount, in each case under the Applicable Banking Regulations (or any other regulations applicable in Spain from time to time) effective on the issue date of such Notes; *provided that* an Eligible Liabilities Event shall not occur where such ineligibility for inclusion of such Notes in the Eligible Liabilities Amount is due to the remaining maturity of such Notes being less than any period prescribed by any applicable eligibility criteria under the Applicable Banking Regulations (or any other regulations applicable in Spain from time to time) which was effective on the issue date of such Notes.
- “**Issuer**” refers to Banco Bilbao Vizcaya Argentaria, S.A.
- “**Spanish Bail-in Power**” means any write-down, conversion, transfer, modification, cancellation or suspension power existing from time to time under: (i) any law, regulation, rule or requirement applicable from time to time in Spain, relating to the transposition or development of the BRRD, including, but not limited to (a) Law 11/2015, (b) RD 1012/2015 (as defined in the accompanying prospectus) and (c) the SRM Regulation (as defined herein); or (ii) any other law, regulation, rule or requirement applicable from time to time in Spain pursuant to which (a) obligations or liabilities of banks, investment firms or other financial institutions or their affiliates can be reduced, cancelled, modified, transferred or converted into shares, other securities, or other obligations of such persons or any other person (or suspended for a temporary period or permanently) or (b) any right in a contract governing such obligations may be deemed to have been exercised.
- “**we**”, “**us**”, “**our**”, “**Issuer**” and “**Bank**” refer to Banco Bilbao Vizcaya Argentaria, S.A. unless the context otherwise requires.
- “**\$**”, “**U.S. dollars**” and “**dollars**” refer to United States dollars.
- “**€**” and “**euro**” refer to euro.

References in this prospectus supplement to “**you**” mean those who invest in the Notes, whether they are the direct holders or owners of beneficial interests in those securities. Unless otherwise indicated, references to “**holders**” mean those who own securities registered in their own names on the books that we maintain for this purpose, and not those who own beneficial interests in securities issued in book-entry form through DTC or another depository or in securities registered in street name. Terms capitalized but otherwise not defined herein shall have the same meaning as in the accompanying prospectus.

## INCORPORATION OF INFORMATION BY REFERENCE

The rules of the SEC allow us to “incorporate by reference” the information we file with, or furnish to, the SEC, which means:

- documents incorporated by reference are considered part of this prospectus supplement;
- we can disclose important information to you by referring you to these documents; and
- information that we file with the SEC may automatically be deemed to update and modify or supersede information included or incorporated by reference into this prospectus supplement.

This means that you must look at all of the SEC filings that we incorporate by reference to determine if any of the statements in this prospectus supplement or in any document previously incorporated by reference have been modified or superseded. The accompanying prospectus lists documents that are incorporated by reference into the accompanying prospectus and such documents shall be deemed to also be incorporated by reference into this prospectus supplement. In addition to the documents listed in the accompanying prospectus, we incorporate by reference:

- our 2019 Form 20-F; and
- our 1H20 Form 6-K.

We also incorporate by reference into this prospectus supplement and the accompanying prospectus any future documents we may file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), from the date of this prospectus supplement until the offering contemplated in this prospectus supplement is completed. Reports on Form 6-K we may file with the SEC after the date of this prospectus supplement (or portions thereof) are incorporated by reference in this prospectus supplement only to the extent that the report expressly states that it (or such portions) is incorporated by reference in this prospectus supplement.

As you read the above documents, you may find inconsistencies in information from one document to another. If you find inconsistencies you should rely on the statements made in the most recent document.

You may request, at no cost to you, a copy of these documents (other than exhibits not specifically incorporated by reference) by writing or telephoning us at the following address or telephone number:

Banco Bilbao Vizcaya Argentaria, S.A.  
New York Branch  
1345 Avenue of the Americas, 44th Floor  
New York, New York 10105  
Attention: Investor Relations  
+1-212-728-1660



## FORWARD-LOOKING STATEMENTS

Some of the statements included in this prospectus supplement and the accompanying prospectus are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “**Securities Act**”), Section 21E of the Exchange Act, and the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. We also may make forward-looking statements in our other documents filed with, or furnished to, the SEC that are incorporated by reference into this prospectus supplement and the accompanying prospectus. Forward-looking statements can be identified by the use of forward-looking terminology such as “believe”, “expect”, “estimate”, “project”, “anticipate”, “should”, “intend”, “probability”, “risk”, “VaR”, “target”, “goal”, “objective”, “future” or by the use of similar expressions or variations on such expressions, or by the discussion of strategy or objectives. Forward-looking statements are based on current plans, estimates and projections, are not guarantees of future performance and are subject to inherent risks, uncertainties and other factors that could cause actual results to differ materially from the future results expressed or implied by such forward-looking statements.

In particular, this prospectus supplement, the accompanying prospectus and certain documents incorporated by reference into this prospectus supplement and the accompanying prospectus include forward-looking statements relating but not limited to management objectives, the implementation of our strategic initiatives, trends in results of operations, margins, costs, return on equity and risk management, including our potential exposure to various types of risk such as market risk, interest rate risk, currency risk and equity risk, each of which has been affected by the coronavirus (COVID-19) pandemic. For example, certain of the market risk disclosures are dependent on choices about key model characteristics, assumptions and estimates, and are subject to various limitations. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future.

We have identified some of the risks inherent in forward-looking statements in “Risk Factors” in this prospectus supplement, “Item 3. Key Information—Risk Factors”, “Item 4. Information on the Company”, “Item 5. Operating and Financial Review and Prospects” and “Item 11. Quantitative and Qualitative Disclosures About Market Risk” in our 2019 Form 20-F and “Item 4B. Business Overview”, “Item 4E. Selected Statistical Information” and “Item 5. Operating and Financial Review and Prospects” in our 1H20 Form 6-K. Other factors could also adversely affect our results or the accuracy of forward-looking statements in this prospectus supplement and the accompanying prospectus, and you should not consider the factors discussed here or in the sections in our 2019 Form 20-F and 1H20 Form 6-K listed above to be a complete set of all potential risks or uncertainties. Other important factors that could cause actual results to differ materially from those in forward-looking statements include, among others:

- the impact of the coronavirus (COVID-19) pandemic and the measures adopted by governments and the private sector in connection therewith on our business and the economy;
- political, economic and business conditions in Spain, the European Union (“EU”), Latin America, Turkey, the United States and the other geographies in which we operate;
- our ability to comply with various legal and regulatory regimes and the impact of changes in applicable laws and regulations, including increased capital, liquidity and provision requirements and taxation, and steps taken towards achieving an EU fiscal and banking union and an EU capital markets union;
- the monetary, interest rate and other policies of central banks, and the trade, economic and other policies of governments, in the EU, Spain, the United States, Mexico, Turkey and elsewhere;
- changes or volatility in interest rates, foreign exchange rates (including the euro to U.S. dollar exchange rate), asset prices, equity markets, commodity prices, inflation or deflation;
- the political, economic and regulatory impacts related to the United Kingdom’s withdrawal from the EU and the future relationship between the United Kingdom and the EU;
- adjustments in the real estate markets in the geographies in which we operate, in particular in Spain, Mexico, the United States and Turkey;
- the effects of competition in the markets in which we operate, which may be influenced by regulation or deregulation of us or our competitors, and our ability to implement technological advances;
- changes in consumer spending and savings habits, including changes in government policies which may influence spending, saving and investment decisions;
- adverse developments in emerging countries, in particular Latin America and Turkey, including unfavorable political and economic developments, social instability and changes in governmental

policies, including expropriation, nationalization, exchange controls or other limitations on the distribution or repatriation of dividends, international ownership legislation, interest rate caps and tax policies;

- our ability to continue to access sources of liquidity and funding, including public sources of liquidity such as the funding provided by the European Central Bank (“ECB”) through the extraordinary measures adopted in connection with the COVID-19 pandemic, and our ability to receive dividends and other funds from our subsidiaries;
- our ability to hedge certain risks economically;
- downgrades in our credit ratings or in Spain’s credit ratings;
- the success of our acquisitions, divestitures, mergers, joint ventures and strategic alliances;
- our ability to make payments on certain substantial unfunded amounts relating to commitments with personnel;
- the performance of our international operations and our ability to manage such operations;
- weaknesses or failures in our Group’s internal or outsourced processes, systems (including information technology systems) and security;
- weaknesses or failures of our anti-money laundering or anti-terrorism programs, or of our internal policies, procedures, systems and other mitigating measures designed to ensure compliance with applicable anti-corruption laws and sanctions regulations;
- security breaches, including cyber-attacks and identity theft;
- the outcome of legal and regulatory actions and proceedings, both those to which the Group is currently exposed and any others which may arise in the future, including actions and proceedings related to former subsidiaries of the Group or in respect of which the Group may have indemnification obligations;
- actions that are incompatible with our ethics and compliance standards, and our failure to timely detect or remedy any such actions;
- uncertainty surrounding the integrity and continued existence of reference rates and the transition away from the Euro Interbank Offered Rate (EURIBOR), Euro OverNight Index Average (EONIA) and London Inter-bank Offered Rate (LIBOR) to new reference rates;
- our success in managing the risks involved in the foregoing, which depends in part, among other things, on our ability to anticipate events that are not captured by the statistical models we use; and
- *force majeure* and other events beyond our control.

Readers are cautioned not to place undue reliance on forward-looking statements. In addition, the forward-looking statements made in this prospectus supplement speak only as of the date of this prospectus supplement. We do not intend to publicly update or revise these forward-looking statements to reflect events or circumstances after the date of this prospectus supplement, including, without limitation, changes in our business or strategy or to reflect the occurrence of unanticipated events, and we do not assume any responsibility to do so. You should, however, consult any further disclosures of a forward-looking nature we may make in our other documents filed with, or furnished to, the SEC that are incorporated by reference into this prospectus supplement and the accompanying prospectus.

## PROSPECTUS SUPPLEMENT SUMMARY

*The following is a summary of this prospectus supplement and should be read in conjunction with the remainder of this prospectus supplement, the accompanying prospectus and any documents incorporated by reference herein and therein. You should base your investment decision on a consideration of this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein, as a whole. Words and expressions defined elsewhere in this prospectus supplement or, where applicable, in the accompanying prospectus shall have the same meanings in this summary.*

### **The BBVA Group**

The BBVA Group is a customer-centric global financial services group founded in 1857. Internationally diversified and with strengths in the traditional banking businesses of retail banking, asset management and wholesale banking, the Group is committed to offering a compelling digital proposition focused on customer experience.

For this purpose, the Group is focused on increasingly offering products online and through mobile channels, improving the functionality of its digital offerings and refining the customer experience. During the six months ended June 30, 2020, the number of digital and mobile customers and the volume of digital sales continued to increase.

The Group's total assets as of June 30, 2020 amounted to €753,824 million, compared with the €698,690 million recorded as of December 31, 2019. The Group's loss attributable to parent company for the six months ended June 30, 2020 amounted to €1,157 million, compared with the €2,442 million profit attributable to parent company recorded for the six months ended June 30, 2019.

Additional information about the BBVA Group is included in our 2019 Form 20-F and the 1H20 Form 6-K, which are each incorporated by reference in this document.

## The Offering Summary

<b>Issuer</b> .....	Banco Bilbao Vizcaya Argentaria, S.A.
<b>Trustee, Paying Agent, Transfer Agent and Security Registrar</b> .....	The Bank of New York Mellon, London Branch will be acting as the trustee, paying agent and transfer agent and The Bank of New York Mellon will be acting as security registrar with respect to the Notes under, and as such terms are defined in, the Indenture.
<b>Notes Offered</b> .....	<p>\$1,200,000,000 aggregate principal amount of fixed rate senior preferred notes due 2023. The 2023 Notes will bear the following CUSIP: 05946K AH4 and the following ISIN: US05946KAH41.</p> <p>\$800,000,000 aggregate principal amount of fixed rate senior preferred notes due 2025. The 2025 Notes will bear the following CUSIP: 05946K AJ0 and the following ISIN: US05946KAJ07.</p> <p>The 2023 Notes and the 2025 Notes constitute separate series of securities issued under the Indenture.</p> <p>Only the 2023 Notes, only the 2025 Notes or both the 2023 Notes and the 2025 Notes may be issued in the offering.</p>
<b>Issue Price</b> .....	99.891% (2023 Notes) 99.314 % (2025 Notes)
<b>Issue Date</b> .....	September 18, 2020 (2023 Notes) September 18, 2020 (2025 Notes)
<b>Stated Maturity Date</b> .....	September 18, 2023 (2023 Notes) September 18, 2025 (2025 Notes)
<b>Interest Payable on the Notes</b> .....	<p>The 2023 Notes will bear interest from and including September 18, 2020 at 0.875% per year, payable in arrears semi-annually on September 18 and March 18 of each year (each, a “<b>2023 Notes Interest Payment Date</b>”), commencing on March 18, 2021 up to, and including, the 2023 Notes Stated Maturity Date.</p> <p>The 2025 Notes will bear interest from and including September 18, 2020 at 1.125% per year, payable in arrears semi-annually on September 18 and March 18 of each year (each, a “<b>2025 Notes Interest Payment Date</b>”, and each 2023 Notes Interest Payment Date and 2025 Notes Interest Payment Date an “<b>Interest Payment Date</b>”), commencing on March 18, 2021 up to, and including, the 2025 Notes Stated Maturity Date.</p>
<b>Regular Record Date</b> .....	The regular record date for any interest payment on any Interest Payment Date on the Notes will be at the close of business on the 15th calendar day (whether or not a Business Day (as defined herein)) preceding such Interest Payment Date.
<b>Denomination, Minimum Purchase Amount and Form; Clearing and Settlement</b> .....	The Notes of each series will be issued only in registered form in denominations of \$200,000 with increments of \$200,000 thereafter. All payments on or in respect of the Notes will be made in U.S. dollars. The Notes of each series will be initially represented by one

or more global security certificates (each, a “**Global Certificate**”) which will be deposited with a custodian for DTC and Notes represented thereby will be registered in the name of Cede & Co., as nominee for DTC.

Beneficial interests in the Notes will be shown on, and transfers thereof will be effected only through, the book-entry records maintained by DTC and its participants. You will not receive certificated notes unless one of the events described under the heading “*Description of the Notes of BBVA—Global Certificates*,” in the accompanying prospectus, occurs.

**Ranking of the Notes** . . . . . The Notes of each series shall be direct, unconditional, unsubordinated and unsecured obligations of the Issuer and, upon the insolvency (*concurso de acreedores*) of the Issuer, in accordance with and to the extent permitted by the Insolvency Law and other applicable laws relating to or affecting the enforcement of creditors’ rights in Spain (including, without limitation, Additional Provision 14.2 of Law 11/2015), but subject to any other ranking that may apply as a result of any mandatory provision of law (or otherwise), the payment obligations of the Issuer under the Notes with respect to claims for principal (which claims will constitute ordinary claims) will rank: (i) junior to any (a) privileged claims (*créditos privilegiados*) (which shall include, among other claims, any claims in respect of deposits for the purposes of Additional Provision 14.1 of Law 11/2015), and (b) claims against the insolvency estate (*créditos contra la masa*); (ii) *pari passu* without any preference or priority among themselves and with all other Senior Preferred Obligations; and (iii) senior to (a) any Senior Non-Preferred Obligations, and (b) all subordinated obligations of, or claims against, the Issuer (*créditos subordinados*), present and future, such that any claim for principal in respect of the Notes will be satisfied, as appropriate, only to the extent that all claims ranking senior to it have first been satisfied in full, and then *pro rata* with any claims ranking *pari passu* with it, in each case as provided herein.

Upon the insolvency (*concurso de acreedores*) of the Issuer, in accordance with and to the extent permitted by the Insolvency Law and other applicable laws relating to or affecting the enforcement of creditors’ rights in Spain, but subject to any other ranking that may apply as a result of any mandatory provision of law (or otherwise), the payment obligations of the Issuer under the Notes with respect to claims for accrued but unpaid interest on the Notes shall constitute subordinated claims (*créditos subordinados*) against the Issuer ranking in accordance with the provisions of the Insolvency Law. No further interest on the Notes shall accrue from the date of declaration of the insolvency of the Issuer.

On August 3, 2020, the Spanish government published the Draft BRRD II Law Bill (as defined herein). It is possible that its adoption will affect the ranking of claims in respect of the Notes and/or the rights of holders of Notes upon BBVA’s insolvency. For additional information on the Draft BRRD II Law Bill, see “*Certain Terms of the Notes—Ranking*”.

The Notes will be effectively subordinated to all of the Issuer’s secured indebtedness, to the extent of the value of the assets securing such indebtedness, and other obligations that rank senior under

Spanish law. As of June 30, 2020, the Issuer had an aggregate of €26,629 million of outstanding secured indebtedness and €12,918 million of outstanding unsecured indebtedness. For information about the Issuer's principal transactions related to its indebtedness since June 30, 2020, see "*Consolidated Capitalization and Indebtedness of the BBVA Group*".

Prior to any voluntary or necessary declaration of insolvency of the Issuer under the Insolvency Law or any voluntary or mandatory liquidation of the Issuer or similar procedure, the Issuer may be subject to an Early Intervention or Resolution (each as defined herein), or to any other exercise of the Spanish Bail-in Power, and the Notes of any series may be subject to the exercise of the Spanish Bail-in Power, in which case no holder or beneficial owner of any such Note shall have any claim against the Issuer in connection with or arising out of any such exercise of the Spanish Bail-in Power.

**Agreement with Respect to the**

**Exercise of Spanish Bail-in Power**

Notwithstanding any other term of the Notes, the Indenture or any other agreements, arrangements, or understandings between the Issuer and any holder of the Notes, by its acquisition of any Notes, each holder (including each holder of a beneficial interest in the Notes) acknowledges, accepts, consents to and agrees to be bound by: (i) the exercise and effects of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority, which may be imposed with or without any prior notice with respect to the Notes of any series, and may include and result in any of the following, or some combination thereof: (a) the reduction or cancellation of all, or a portion, of the Amounts Due on such Notes; (b) the conversion of all, or a portion, of the Amounts Due on such Notes into shares, other securities or other obligations of the Issuer or another person (and the issue to or conferral on the holder of any such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of such Notes; (c) the cancellation of such Notes; (d) the amendment or alteration of the maturity of such Notes or amendment of the amount of interest payable on such Notes, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and (ii) the variation of the terms of the Notes of any series, or the rights of the holders thereunder or under the Indenture, as deemed necessary by the Relevant Spanish Resolution Authority, to give effect to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority. See "*Certain Terms of the Notes—Agreement with Respect to the Exercise of the Spanish Bail-in Power*".

In addition, no repayment or payment of Amounts Due on the Notes will become due and payable or be paid after the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority if, and to the extent that such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise.

**Early Redemption for Taxation or**

**Listing Reasons** .....

The Issuer may redeem all or part of a series of Notes at the Redemption Price (as defined here) prior to maturity in the event of changes to tax laws (or changes in the application or official interpretation thereof) that would (i) require the Issuer to pay Additional Amounts on the Notes of a series, (ii) result in the Issuer not being entitled to claim a tax deduction on interest to be paid on



such Notes (or the value of such deduction being reduced) or (iii) materially affect the applicable tax treatment of the Notes.

In addition, if the Notes of a series are not listed on an organized market in an Organization for Economic Co-operation and Development (“OECD”) country by the date that is 45 days prior to the first Interest Payment Date on such Notes, the Issuer may, at its option and having given no less than 15 days’ notice to the holders of such Notes in accordance with the terms described under the heading “*Certain Terms of the Notes—Notices*” (which notice will be irrevocable), redeem all (but not less than all) of the Notes of such series at the Redemption Price (any such redemption, a “**Redemption for Failure to List**”); *provided that*, from and including the Issue Date of such series of Notes to and including such Interest Payment Date, the Issuer will use its reasonable efforts to obtain or maintain such listing, as applicable. In the event of a Redemption for Failure to List, if required by the relevant Spanish laws or regulations (including any binding rulings), the Issuer will withhold tax and will pay interest in respect of the Notes redeemed net of the Spanish withholding tax applicable to such payments (currently 19%). If this were to occur, the Issuer would not pay Additional Amounts and owners of a beneficial interest in the Notes would have to follow the Direct Refund from Spanish Tax Authorities Procedures set forth in Annex A to this prospectus supplement in order to apply directly to the Spanish tax authorities for any refund to which they may be entitled.

See “*Certain Terms of the Notes—Redemption—Early Redemption for Taxation or Listing Reasons*” in this prospectus supplement.

**Early Redemption for Eligible**

**Liabilities Event** ..... The Issuer may, at its option, redeem all (but not less than all) of the Notes of a series at the Redemption Price if an Eligible Liabilities Event occurs on or after the Issue Date of the Notes. See “*Certain Terms of the Notes—Redemption—Early Redemption for Eligible Liabilities Event*”.

**Substitution and Modification** ..... If an Eligible Liabilities Event occurs and is continuing with respect to any series of Notes, including as a result of any change in law or regulation or the application or official interpretation thereof, the Issuer may, under certain circumstances and without the consent or approval of the holders or beneficial owners of such Notes, substitute all (but not less than all) of such Notes or modify the terms of all (but not less than all) of such Notes, so that such Notes are substituted by, or their terms are modified to, become again, or remain, Qualifying Securities. See “*Certain Terms of the Notes—Substitution and Modification*”.

By its acquisition of any Note or any beneficial interest therein, each holder and beneficial owner of Notes, (i) acknowledges, accepts, consents to and agrees to be bound by the substitution of or modification to the terms of the Notes as set forth above and to grant to the Issuer and the Trustee full power and authority to take any action and/or to execute and deliver any document in the name and/or on behalf of such holder or beneficial owner, as the case may be, which is necessary or convenient to complete the substitution of or modification to the terms of the Notes, as applicable; and (ii) to the extent permitted by the Trust Indenture Act, waives any and all claims, in law and/or in equity, against the Trustee and/or the Issuer

for, agrees not to initiate a suit against the Trustee and/or the Issuer in respect of, and agrees that neither the Trustee nor the Issuer shall be liable for, any action that the Trustee or the Issuer takes, or abstains from taking, in either case in connection with the substitution of or modification to the terms of the Notes upon the occurrence of an Eligible Liabilities Event.

**Purchases of the Notes** ..... The Issuer or any of its subsidiaries may at any time purchase the Notes at any price in the open market or otherwise (subject to such purchase being in compliance with Applicable Banking Regulations then in force, and subject to the prior consent of the Regulator if required pursuant to such regulations). Purchased Notes may be held, resold or, at the option of the Issuer, surrendered to the Trustee for cancellation (subject to such holding, resale or cancellation being in compliance with Applicable Banking Regulations).

**Use of Proceeds** ..... We expect that the net proceeds from the offering of the Notes will amount to \$1,987,504,000 after deduction of the underwriting commissions and the other expenses incurred in connection with the offering of the Notes. We intend to use the net proceeds of the offering for general corporate purposes. See “*Use of Proceeds*”.

**Spanish Tax Law Requirements** ..... Under the regulations established by Royal Decree 1065/2007, income (as defined below) obtained in respect of the Notes of a series will not be subject to withholding tax in Spain, provided certain requirements are met, including that the Paying Agent provides the Issuer, in a timely manner, with a duly executed and completed payment statement (the “**Payment Statement**”). See “*Spanish Tax Considerations—Compliance with Certain Requirements in Connection with Income Payments*”. For these purposes, “**income**” means interest paid on an Interest Payment Date or the amount of the difference, if any, between the aggregate Redemption Price paid upon the redemption of such Notes (or a portion thereof) and the aggregate principal amount of such Notes (other than in the event of a Redemption for Failure to List), as applicable.

If the Paying Agent fails to deliver a duly executed and completed Payment Statement on a timely basis, in respect of an Interest Payment Date or in connection with a redemption of Notes (other than in the event of a Redemption for Failure to List), then the related payment will be subject to Spanish withholding tax, currently at the rate of 19%. If this were to occur, the Issuer would not pay Additional Amounts and owners of a beneficial interest in the Notes would have to follow the Direct Refund from Spanish Tax Authorities Procedures set forth in Annex A to this prospectus supplement in order to apply directly to the Spanish tax authorities for any refund to which they may be entitled.

**Listing** ..... We intend to apply to list the Notes of each series on the New York Stock Exchange and, if approved, trading is expected to commence within 30 days after the initial delivery of the Notes of each such series.

**Governing Law** ..... The Notes and the Indenture shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements made or instruments entered into and, in each case, performed in said state, except that the authorization and execution by the Issuer of the Indenture and the authorization, issuance and

execution by the Issuer of the Notes shall be governed by and construed in accordance with the common laws of Spain. In addition, certain provisions of the Notes and the Indenture related to the status and ranking of the Notes, the waiver of the right of set-off and the agreement by holders of Notes with respect to the exercise and effects of the Spanish Bail-in Power shall be governed by and construed in accordance with the common laws of Spain.

**Event of Default** ..... Except as set forth under “*Certain Terms of the Notes—Events of Default*”, “Event of Default”, wherever used with respect to the Notes of a series, means that an order shall have been made by any competent court commencing insolvency proceedings (*procedimiento concursal*) against the Issuer or an order of any competent court or administrative agency shall have been made or a resolution shall have been passed by the Issuer for the dissolution or winding up of the Issuer. There are no other Events of Default under the Notes.

**Submission to Jurisdiction** ..... Except as provided in the paragraph immediately below, the Issuer irrevocably submits to the non-exclusive jurisdiction of any U.S. federal or state court in the Borough of Manhattan, The City of New York, New York, in any suit or proceeding arising out of or relating to the Indenture or the Notes and irrevocably waives, to the extent it may effectively do so, any objection which it may have now or hereafter to the laying of the venue of any such suit or proceeding.

Notwithstanding anything to the contrary in the Notes or the Indenture, the Spanish courts shall have exclusive jurisdiction in respect of any suit or proceeding arising out of or relating to the Indenture or the Notes arising out of, relating to or in connection with the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority (a “**Bail-in Dispute**”) and accordingly each of the Issuer, the Trustee, each holder and beneficial owner of any Note and each paying agent, transfer agent, authenticating agent and security registrar submits, to the extent it may effectively do so, to the exclusive jurisdiction of the Spanish courts in relation to any Bail-in Dispute. Each of the Issuer, the Trustee, each holder and beneficial owner of any Notes and each paying agent, transfer agent, authenticating agent and security registrar further irrevocably waives, to the extent it may effectively do so, any objection to the Spanish courts on the grounds that they are an inconvenient or inappropriate forum in respect of any Bail-in Dispute.

**Settlement** ..... The underwriters expect to deliver the Notes to purchasers in registered form through DTC for credit to accounts of direct or indirect participants in DTC, including Clearstream Luxembourg and Euroclear, on or about September 18, 2020, which will be the sixth New York business day following the date of this prospectus supplement (such settlement period being referred to as T+6). Pursuant to Rule 15c6-1 under the Exchange Act, trades in the secondary market are generally required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes prior to the delivery of the Notes hereunder will be required to specify alternative settlement arrangements to prevent a failed settlement. Such purchasers should consult their own advisors.

**Conflicts of Interest** ..... BBVA Securities Inc., which is participating in this offering as Joint Bookrunner, is a wholly-owned subsidiary of the Issuer. Because of

the foregoing, a “conflict of interest” is deemed to exist within the meaning of FINRA Rule 5121. Accordingly, this offering will be conducted in accordance with FINRA Rule 5121.

### **Risk Factors**

Investing in the Notes involves risks. In addition to the information contained in or incorporated by reference into this prospectus supplement, you should carefully consider the risk factors detailed under “*Risk Factors*” in this prospectus supplement, under “*Risk Factors*” in the accompanying prospectus and under “*Item 3. Key Information—Risk Factors*” in the 2019 Form 20-F.

## RISK FACTORS

*Prospective investors should consider carefully the risk factors incorporated by reference into this prospectus supplement and as set out below as well as the other information set out elsewhere in this prospectus supplement and the accompanying prospectus (including any other documents incorporated by reference herein, including the 2019 Form 20-F and the risk factors included therein and the 1H20 Form 6-K), and reach their own views prior to making any investment decision with respect to the Notes.*

*Set out below and incorporated by reference herein are certain risk factors that, if they were to materialize, could have a material adverse effect on the business, financial condition and results of operations of BBVA and cause BBVA's future results to be materially different from expected results. BBVA has described only those risks that it considers to be material. There may be additional risks that BBVA currently considers not to be material or of which it is not currently aware, and any of these risks could have the effects set forth above.*

### **Risks Relating to BBVA and the BBVA Group**

For a description of other risks associated with BBVA and the BBVA Group, including certain risks associated with investments in BBVA's securities, please refer to the "Risk Factors" section in our 2019 Form 20-F which is incorporated by reference herein. See also our 1H20 Form 6-K for important information on the impact of the COVID-19 pandemic on BBVA and the BBVA Group.

#### ***The COVID-19 pandemic has affected, and is expected to continue to adversely affect, the BBVA Group.***

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

Furthermore, the Group has been and may be affected by the measures or recommendations adopted by regulatory authorities in the banking sector, including but not limited to, the recent reductions in reference interest rates, the relaxation of prudential requirements, the suspension of dividend payments until January 1, 2021, the adoption of moratorium measures for bank customers (such as those included in Royal Decree Law 11/2020 in Spain, as well as in the CECA-AEB agreement to which BBVA has adhered and which, among other things, allows loan debtors to extend maturities and defer interest payments) and financing with public guarantees, especially to companies and self-employed individuals, as well as changes in the financial asset purchase programs. As of June 30, 2020, an estimated approximately two-thirds of the amounts that had been deferred pursuant to the mandatory COVID-19 moratoriums fall due in the third quarter of 2020, a period during which economic conditions continue to be challenging.

Since the outbreak of COVID-19, the Group has experienced a slowdown in its activity. For example, the granting of new loans to individuals has significantly decreased since the beginning of the state of emergency or periods of confinement decreed in certain countries in which the Group operates. In addition, the Group faces various risks, such as an increased risk of deterioration in the value of its assets (including financial instruments valued at fair value, which may suffer significant fluctuations) and of the securities held for liquidity reasons, a possible significant increase in non-performing loans and a negative impact on the Group's cost of financing and on its access to financing (especially in an environment where credit ratings are affected). As of June 30, 2020, an estimated approximately 6.9% of the Group's exposure at default (defined as the amount of risk exposure upon default by counterparties, considering the Group's loans and advances at amortized cost) related to borrowers in certain industries facing particularly challenging conditions as a result of the COVID 19 pandemic, specifically leisure, real estate developers, non-food retailers, upstream and oilfield services and air and marine transportation.

In addition, in several of the countries in which the Group operates, including Spain, the Group has temporarily closed a significant number of its offices and reduced hours of working with the public, and the teams that provide central services have been working remotely. These measures are being gradually reversed in some regions, such as Spain, however, due to the continued expansion of the COVID-19 pandemic, it is unclear how long it will take for normal operations to be fully resumed. The COVID-19 pandemic could also adversely

affect the business and operations of third parties that provide critical services to the Group and, in particular, the greater demand and/or reduced availability of certain resources could in some cases make it more difficult for the Group to maintain the required service levels. Furthermore, the increase in remote working has increased the risks related to cybersecurity, as the use of non-corporate networks has increased.

As a result of the above, while the impact of the COVID-19 pandemic only started to be evident at the end of the first quarter of 2020, it has had an adverse effect on the Group's results for the first half of 2020, as well as on the Group's capital base as of June 30, 2020. The main accumulated impacts have been the following: (i) an increase in the impairment of financial assets, mainly due to the deterioration of the macroeconomic scenario (with €2,009 million of the €4,146 million of impairment on financial assets not measured at fair value through profit or loss or net gains by modification recorded in the six months ended June 30, 2020 being attributable to the COVID-19 pandemic (including the initial negative impact of moratoriums)), and €95 million in provisions for contingent risks and commitments as of June 30, 2020; and (ii) a deterioration in the goodwill of the Group's subsidiary in the United States, mainly due to the deterioration of the macroeconomic scenario in the United States, which has had a net negative impact of €2,084 million on the "Profit attributable to parent company" in the six months ended June 30, 2020 (although this impact did not affect the tangible book value, nor the capital or the liquidity of the Group). In addition, BBVA's fully-loaded common equity tier ("CET1") ratio stood at 11.22% at the end of June 2020, down 53 basis points compared to December 31, 2019 (+38 basis points compared to March 31, 2020).

The COVID-19 pandemic has also exacerbated, and is likely to continue to exacerbate, other risks disclosed in the "Risk Factors" section in the 2019 Form 20-F, including but not limited to risks associated with the credit quality of the Group's borrowers and counterparties or collateral, any withdrawal of ECB funding (of which the Group has made and continues to make significant use), the Group's exposure to sovereign debt and rating downgrades, the Group's ability to comply with its regulatory requirements, including MREL (as defined herein) and other capital requirements, and the deterioration of economic conditions or changes in the institutional environment.

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

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

The Group is sensitive to the deterioration of economic conditions or the alteration of the institutional environment of the countries in which it operates, and especially Spain, Mexico, the United States and Turkey, which respectively represented 55.6%, 13.8%, 13.4% and 8.4% of the Group's assets as of June 30, 2020 (52.3%, 15.6%, 12.7% and 9.2% as of December 31, 2019, respectively). Additionally, the Group is exposed to sovereign debt in the countries where it operates, particularly these geographies. Please see "Item 5. Operating and Financial Review and Prospects—Operating Results—Operating Environment" in the 1H20 Form 6-K for summarized information on some of the challenges that these countries are currently facing and that, therefore, could significantly affect the Group.

Currently, the world economy is facing several exceptional challenges. In particular, the crisis derived from the COVID-19 pandemic has abruptly and significantly deteriorated the economic conditions and prospects of the countries in which the Group operates, leading many of them to an economic recession in 2020. In the second quarter of 2020, the GDP of Spain, Mexico, the United States and Turkey contracted by an estimated 18.5%, 18.7%, 9.5% and 10.7%, respectively. Furthermore, this crisis could lead to a deglobalization of the world economy, produce an increase in protectionism or barriers to immigration, fuel the trade war between the United States and China and result in a general withdrawal of international trade in goods and services, as well as having other effects of long duration that transcend the pandemic itself. Added to this is the uncertainty regarding the United Kingdom's exit from the EU (Brexit). The long-term effects of Brexit will depend on the relationship between the United Kingdom and the EU after its complete exit from the European Single Market, currently scheduled for December 31, 2020. Furthermore, in a scenario as uncertain as the current one, with the ongoing severe correction in activity worldwide, emerging economies (to which the Group is significantly exposed, particularly in the case of Mexico and Turkey) could be particularly vulnerable to a trade war or if there were changes in the financial risk appetite. Likewise, the possible triggering of a disorderly deleveraging process in China would pose a significant risk to these economies.



Thus, the Group faces, among others, the following general risks in connection with the economic and institutional environment in which it operates: economic deterioration and stagnation in the countries in which it operates, with some or all of those countries currently facing economic recession; more intense deflationary pressures or even deflation; variations in exchange rates; a very low interest rate environment, or even a long period of negative interest rates in some regions where the Group operates; an unfavorable evolution of the real estate market, to which the Group remains significantly exposed; very low oil prices; changes in the institutional environment in the countries in which the Group operates that could lead to sudden and sharp falls in GDP and/or regulatory changes; a growing public deficit that could lead to downgrades in sovereign debt credit ratings and even a possible default or restructuring of such debt; and episodes of volatility in markets, such as those occurring in the first half of 2020, which could lead the Group to register significant losses.

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

The Issuer, in its capacity as a Spanish credit institution, is subject to compliance with a “Pillar 1” solvency requirement, a “Pillar 2” solvency requirement and a “combined buffer requirement” at both the individual and consolidated level. As a result of the latest Supervisory Review and Evaluation Process (“SREP”) carried out by the ECB, and in accordance with the measures implemented by the ECB on March 12, 2020, by means of which banks may partially use Additional Tier 1 and Tier 2 capital instruments in order to fulfil the “Pillar 2” requirement, BBVA must maintain, at a consolidated level, a CET1 ratio of 8.59% and a total capital ratio of 12.75%. In addition, BBVA must maintain, on an individual level, a CET1 ratio of 7.84% and a total capital ratio of 12.00%. As of June 30, 2020, the Issuer's phased-in total capital ratio was 15.89% on a consolidated basis and 20.19% on an individual basis, and its CET1 phased-in CET1 ratio was 11.63% on a consolidated basis and 15.29% on an individual basis.

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

In accordance with the Issuer's estimates and subject to the evolution of the Issuer's resolution group, the current structure of eligible liabilities and own funds of the Issuer's resolution group, together with the expected implementation of the funding plan of the Issuer for the issuance of eligible liabilities for 2020, which envisages the issuance of eligible liabilities in an aggregate principal amount of at least €3,000 million during the remainder of 2020 (prior to the issuance of the Notes, whose issuance will reduce such amount), subject to market conditions and availability, and after the entry into force of Regulation (EU) 2019/877 of the European Parliament and of the Council of May 20 (which, among others, determines the MREL in terms of RWAs and sets forth new transitional periods and deadlines, and which we interpret would be applicable to our MREL requirement) will enable the fulfilment of this requirement upon its entry into force.

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

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

MDA has been calculated and reported, such discretionary payments will be limited to the calculated MDA. Likewise, should the Issuer or the Group not meet the applicable capital requirements, additional requirements of “Pillar 2” or, if applicable, MREL could be imposed. Likewise, upon the entry into force of the EU Banking Reforms (as defined below), any failure by the Issuer or the Group to comply with its “combined buffer requirement” when considered in addition to its MREL could result in the imposition of restrictions or prohibitions on discretionary payments. Additionally, failure to comply with the capital requirements may result in the implementation of early action measures or, ultimately, resolution measures by the resolution authorities. “**EU Banking Reforms**” refers to Directive 2019/878/EU of the European Parliament and of the European Council of May 20, Directive 2019/879 of the European Parliament and of the Council of May 20, Regulation (EU) 2019/876 of the European Parliament and of the Council of May 20 (as amended, replaced or supplemented at any time, “**CRR II**”) and Regulation (EU) No. 877/2019 of the European Parliament and of the Council of May 20.

CRR II establishes a binding requirement for the leverage ratio effective from June 28, 2021 of 3% of Tier 1 capital (as of June 30, 2020, the phased-in leverage ratio of the Group was 6.2% and the fully-loaded leverage ratio of the Group was 6.1%). Any failure to comply with this leverage ratio may also result in the need to calculate and report the MDA, and restrictions on discretionary payments. Moreover, CRR II proposes new requirements that capital instruments must meet in order to be considered Additional Tier 1 or Tier 2 instruments, including certain grandfathering measures until June 28, 2025. Once the grandfathering period in CRR II has elapsed, Additional Tier 1 and/or Tier 2 instruments which do not comply with the new requirements at such date will no longer be considered as capital instruments. This could give rise to shortfalls in regulatory capital and, ultimately, could result in failure to comply with the applicable minimum regulatory capital requirements, with the aforementioned consequences.

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

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

Additionally, should the Total Loss Absorbing Capacity (“**TLAC**”) requirements currently imposed only upon financial institutions of global systemic importance (“**G-SIBs**”) be applicable to non-G-SIBs entities or should the Issuer once again be classified as a G-SIB, additional minimum requirements similar to MREL could in the future be imposed upon the Issuer.

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

Lastly, the Group must also comply with liquidity and funding ratios. Several elements of the Liquidity Coverage Ratio (“**LCR**”) and net stable financing ratio (“**NSFR**”), as introduced by national banking regulators and fulfilled by the Issuer, may require implementing changes in some of its commercial practices, which could expose the Issuer to additional expenses (including an increase in compliance expenses), affect the profitability of its activities or otherwise lead to a significant adverse effect over the Issuer’s business, financial condition or results of operations. As of June 30, 2020 and December 31, 2019, the Group’s LCR was 159% and 129% respectively. As of June 30, 2020 and December 31, 2019, the Group’s NSFR ratio was 124% and 120%, respectively.

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

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

Furthermore, the Group's credit ratings could be affected by variations in the rating of Spanish sovereign debt. The Group holds a significant portfolio of debt issued by the Kingdom of Spain, by the Spanish autonomous communities and by other Spanish issuers. As of June 30, 2020 and December 31, 2019, the Group's exposure to the Kingdom of Spain's public debt portfolio was €49,489 million and €50,905 million, respectively, representing 7% of the consolidated total assets of the Group as of each such date. Any decrease in the credit rating of the Kingdom of Spain could negatively affect the value of the respective debt portfolios held by the Group and lead to a reduction in the Group's credit ratings. Additionally, counterparties to many of the credit agreements signed with the Group could also be affected by a decrease in the credit rating of the Kingdom of Spain, which could limit their ability to attract additional resources or otherwise affect their ability to pay their outstanding obligations to the Group.

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

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

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

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

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

## Risks Relating to the Notes

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

The BRRD (which has been implemented in Spain through Law 11/2015 and RD 1012/2015) and the SRM Regulation are designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in failing or likely to fail credit institutions or investment firms (each an “**institution**”) so as to ensure the continuity of the institution’s critical financial and economic functions, while minimizing the impact of such institution’s failure on the economy and financial system. The BRRD further provides that any extraordinary public financial support through additional financial stabilization tools is only to be used by a member state of the EU (each a “**Member State**”) as a last resort, after having assessed and utilized the resolution tools set out below to the maximum extent possible while maintaining financial stability.

In accordance with Article 20 of Law 11/2015, an institution will be considered as failing or likely to fail in any of the following circumstances: (i) it is, or is likely in the near future to be, in significant breach of its solvency or any other requirements necessary for maintaining its authorization; (ii) its assets are, or are likely in the near future to be, less than its liabilities; (iii) it is, or is likely in the near future to be, unable to pay its debts as they fall due; or (iv) it requires extraordinary public financial support (except in limited circumstances). Any such determination that an institution is failing or likely to fail may depend on a number of factors which may be outside of that institution’s control.

As provided in the BRRD, Law 11/2015 contains four resolution tools and powers which may be used alone or in combination where the Relevant Spanish Resolution Authority considers that (i) an institution is non-viable or is failing or likely to fail; (ii) there is no reasonable prospect that any other measure would prevent the failure of such institution within a reasonable timeframe; and (iii) a resolution action, instead of the winding up of the institution under normal insolvency proceedings, is necessary or advisable for reasons of public interest. The four resolution tools are (i) sale of the institution’s business, which enables resolution authorities to transfer, under market conditions, all or part of the business of the institution being resolved; (ii) bridge institution, which enables resolution authorities to transfer all or part of the business of the institution to a “bridge institution” (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation, which enables resolution authorities to transfer certain categories of assets (normally impaired or otherwise problematic) to one or more asset management vehicles to allow them to be managed with a view to maximizing their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) the Spanish Bail-in Power. Any exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority may include the write down and/or conversion into equity or other securities or obligations (which equity, securities and obligations could also be subject to any future application of the Spanish Bail-in Power) of certain unsecured debt claims of an institution (including, in the case of the Issuer, the Notes of any series).

“**Relevant Spanish Resolution Authority**” means any of the Spanish Fund for the Orderly Restructuring of Banks (*Fondo de Reestructuración Ordenada Bancaria*), the European Single Resolution Mechanism and, as the case may be, according to Law 11/2015, RD 1012/2015 and the SRM Regulation, the Bank of Spain and the Spanish Securities Market Commission (CNMV) or any other entity with the authority to exercise the Spanish Bail-in Power from time to time.

In accordance with Article 48 of Law 11/2015 (and subject to any exclusions that may be applied by the Relevant Spanish Resolution Authority under Article 43 of Law 11/2015), in the case of any application of the Spanish Bail-in Power, the sequence of any resulting write-down or conversion by the Relevant Spanish Resolution Authority shall be in the following order: (i) CET1 Capital (as defined in the accompanying prospectus) items; (ii) the principal amount of Additional Tier 1 Instruments (as defined in the accompanying prospectus); (iii) the principal amount of Tier 2 Instruments (as defined in the accompanying prospectus); (iv) the principal amount of other subordinated claims that are not Additional Tier 1 Capital or Tier 2 Capital (each as defined in the accompanying prospectus); and (v) the principal or outstanding amount of the remaining eligible liabilities in the order of the hierarchy of claims in normal insolvency proceedings (with Senior Non-Preferred Obligations subject to the Spanish Bail-in Power after any subordinated claims (*créditos subordinados*) of the Issuer under Article 281 of the Insolvency Law but before the other senior claims of the Issuer (including the Notes)).

To the extent that any resulting treatment of a holder of Notes of any series pursuant to the exercise of the Spanish Bail-in Power is less favorable than would have been the case under the above hierarchy in normal



insolvency proceedings, a holder of such affected Notes may have a right to compensation under the BRRD (as implemented in Spain), the SRM Regulation and Applicable Banking Regulation based on an independent valuation of the institution, in accordance with Article 10 of RD 1012/2015 and the SRM Regulation. Any such compensation right is unlikely to compensate that holder for the losses it has actually incurred and, in any event, there is likely to be a considerable delay in the recovery of such compensation.

The powers set out in the BRRD as implemented through Law 11/2015, RD 1012/2015 and the SRM Regulation impact how credit institutions and investment firms are managed, as well as, in certain circumstances, the rights of creditors. Pursuant to Law 11/2015, upon any application of the Spanish Bail-in Power, holders of the affected Notes may be subject to, among other things, a write-down (including to zero) and/or conversion of such Notes into equity or other securities or obligations. The exercise of any such powers (or any of the other resolution powers and tools) may result in such holders losing some or all of their investment or otherwise having their rights under such Notes adversely affected, including by becoming holders of subordinated instruments such as the Issuer's ordinary shares. Such exercise could also involve modifications to, or the disapplication of, provisions in the terms and conditions of the Notes of any series, including, among other provisions, the principal amount or any interest payable on the Notes, or the Stated Maturity Date or any other dates on which payments may be due, as well as the suspension of payments for a certain period or indefinitely. As a result, the exercise of the Spanish Bail-in Power with respect to the Notes of any series or the taking by the Relevant Spanish Resolution Authority of any other action, or any suggestion that the exercise or taking of any such action may happen, could materially adversely affect the rights of holders of Notes, the market price or value or trading behavior of any Notes and/or the ability of the Issuer to satisfy its obligations under any Notes.

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

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

**“Early Intervention”** means, with respect to any person, that any Relevant Spanish Resolution Authority or the European Central Bank shall have announced or determined that such person has or shall become the subject of an “early intervention” (*actuación temprana*) as such term is defined in Law 11/2015 and in the SRM Regulation.

**“Resolution”** means, with respect to any person, that any Relevant Spanish Resolution Authority shall have announced or determined that such person has or shall become the subject of a “resolution” (*resolución*) as such term is defined in Law 11/2015 and the SRM Regulation.

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

***Under the terms of the Notes, you have agreed to be bound by the exercise of any Spanish Bail-in Power by the Relevant Spanish Resolution Authority.***

Pursuant to Article 46 of Law 11/2015, which implements Article 55 of the BRRD, subject to limited exceptions, unsecured liabilities of a financial institution governed by the laws of a third-country (which include the Notes) must contain a contractual acknowledgment whereby the holders recognize that such liability may be subject to the Spanish Bail-in Power and agree to be bound by the exercise of those powers by the Relevant Spanish Resolution Authority.

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

In addition, no repayment or payment of Amounts Due on the Notes will become due and payable or be paid after the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority if, and to the extent that, such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise.

Any Spanish Bail-in Power may be exercised in such a manner as to result in your losing the value of all or a part of your investment in the Notes or receiving a different security from such Notes, which may be worth significantly less than such Notes and which may have significantly fewer protections than those related to the Notes or those typically afforded to debt securities. Moreover, the Relevant Spanish Resolution Authority may exercise its authority to implement the Spanish Bail-in Power without providing any advance notice to the holders of Notes. For more information, see “*Certain Terms of the Notes—Agreement with Respect to the Exercise of the Spanish Bail-in Power*” and “*—The Notes may be subject to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority. Other powers contained in Law 11/2015 and the SRM Regulation could materially affect your rights under, and the value of your investment in, the Notes*”.

***The failure to pay interest or principal on the Notes is not an Event of Default. Further, in the event the Issuer becomes subject to an Early Intervention or Resolution under Law 11/2015 and the SRM Regulation, it may be more difficult for there to be an Event of Default or for you to exercise your rights in connection therewith.***

The failure to pay interest or principal on the Notes is not an Event of Default (as defined herein) and will not give rise to a right to otherwise accelerate the Notes. In particular, for there to be an Event of Default with respect to the Notes of a series, an order shall have been made by any competent court commencing insolvency proceedings (*procedimiento concursal*) against the Issuer or an order of any competent court or administrative agency shall have been made or a resolution shall have been passed by the Issuer for the dissolution or winding up of the Issuer (subject to certain limited exceptions set forth under “*Certain Terms of the Notes—Event of Default*”). However, prior to any voluntary or necessary declaration of insolvency of the Issuer under the Insolvency Law or any voluntary or mandatory liquidation of the Issuer or similar procedure, the Issuer may be subject to an Early Intervention or Resolution, or to any other exercise of the Spanish Bail-in Power, and the Notes of any series may be subject to the exercise of the Spanish Bail-in Power, in which case no holder or beneficial owner of any such Note shall have any claim against the Issuer in connection with or arising out of any such exercise of the Spanish Bail-in Power.

The Issuer may be subject to an Early Intervention or Resolution pursuant to the BRRD, as implemented through Law 11/2015 and RD 1012/2015 and the SRM Regulation, if the Issuer or the Group is in breach (or if due, among other things, to a rapidly deteriorating financial condition, it is likely in the near future to be in breach) of applicable regulatory requirements relating to solvency, liquidity, internal structure or internal controls or the conditions for Resolution referred to above are met. Pursuant to Law 11/2015, and in accordance with the terms of the Notes, an Early Intervention or Resolution shall not itself constitute an Event of Default or entitle any counterparty of the Issuer to exercise any rights it may otherwise have in respect thereof and any provision providing for such rights shall further be deemed not to apply. In addition, such adoption will not otherwise give rise to a declaration of acceleration of the maturity of the Notes.

While it is possible for there to be an Event of Default following an Early Intervention or Resolution, any enforcement by a holder of Notes of its rights under the Notes of any series upon any such circumstances will be



subject to the relevant provisions of the BRRD, Law 11/2015 and the SRM Regulation, including the resolution tools and powers referred to above. Any claims on the occurrence of an Event of Default will consequently be limited by such provisions and any measures that may be adopted by the Relevant Spanish Resolution Authority. As a result, the enforcement by a holder of Notes of any rights it may otherwise have upon the occurrence of an Event of Default may be limited in these circumstances. More generally, there can be no assurance that an Early Intervention or Resolution (or any threat or suggestion that any such actions may be taken) would not adversely affect the rights of the holders of Notes, the price or value of their investment in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

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

This is a new issue of notes for which there is no active trading market. If an active trading market does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected. Even if a market does develop, it may not be very liquid. The market price of the Notes could also be affected by market conditions more generally and other factors outside of the Issuer's control and unrelated to the BBVA Group's business, financial condition and results of operations. Therefore, you may not be able to sell the Notes at a particular time or may not be able to sell the Notes at a favorable price.

We intend to apply for listing of the Notes of each series on the New York Stock Exchange but there is no assurance that such application will be accepted, that the Notes of each such series will be admitted to trading or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes. The liquidity of any market for the Notes will depend on a number of factors including:

- the number of holders of the Notes of the relevant series (which may be affected by the fact that, in the United States, the Notes are intended to be sold only to institutional investors);
- our ratings published by major credit rating agencies;
- our financial performance;
- the market for similar securities;
- the interest of securities dealers in making a market in the Notes of the relevant series; and
- prevailing interest rates.

In addition, if the Issuer were to redeem only part of the Notes of a series in the event of changes to tax laws (or changes in the application or official interpretation thereof) (see "*Certain Terms of the Notes—Redemption—Early Redemption for Taxation or Listing Reasons*"), the liquidity and trading price of any Notes of such series not so redeemed may be adversely affected.

We cannot assure you that an active market for the Notes of any series will develop or, if developed, that it will continue.

***Your right to receive payments of interest and principal on the Notes is junior to certain other obligations of the Issuer. Future changes to the Insolvency Law and other applicable laws relating to or affecting the enforcement of creditors' rights in Spain could adversely affect the ranking of claims in respect of the Notes.***

The Notes will be direct, unconditional, unsubordinated and unsecured obligations of the Issuer and, upon the insolvency (*concurso de acreedores*) of the Issuer, in accordance with and to the extent permitted by the Insolvency Law and other applicable laws relating to or affecting the enforcement of creditors' rights in Spain (including, without limitation, Additional Provision 14.2 of Law 11/2015), but subject to any other ranking that may apply as a result of any mandatory provision of law (or otherwise), the payment obligations of the Issuer under the Notes with respect to claims for principal (which claims will constitute ordinary claims) will rank: (i) junior to any (a) privileged claims (*créditos privilegiados*) (which shall include, among other claims, any claims in respect of deposits for the purposes of Additional Provision 14.1 of Law 11/2015), and (b) claims against the insolvency estate (*créditos contra la masa*); (ii) *pari passu* without any preference or priority among themselves and with all other Senior Preferred Obligations; and (iii) senior to (a) any Senior Non-Preferred Obligations, and (b) all subordinated obligations of, or claims against, the Issuer (*créditos subordinados*), present

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

Upon the insolvency (*concurso de acreedores*) of the Issuer, in accordance with and to the extent permitted by the Insolvency Law and other applicable laws relating to or affecting the enforcement of creditors' rights in Spain, but subject to any other ranking that may apply as a result of any mandatory provision of law (or otherwise), the payment obligations of the Issuer under the Notes with respect to claims for accrued but unpaid interest on the Notes shall constitute subordinated claims (*créditos subordinados*) against the Issuer ranking in accordance with the provisions of the Insolvency Law. No further interest on the Notes shall accrue from the date of declaration of the insolvency of the Issuer.

Upon insolvency, the obligations of the Issuer under the Notes will be effectively subordinated to all of the Issuer's secured indebtedness, to the extent of the value of, or the proceeds realized from, the assets securing such indebtedness. As of June 30, 2020, the Issuer had an aggregate of €26,629 million of outstanding secured indebtedness and €12,918 million of outstanding unsecured indebtedness. The Notes are further structurally subordinated to all indebtedness of subsidiaries of the Issuer insofar as any right of the Issuer to receive any assets of such companies upon their winding-up will be effectively subordinated to the claims of the creditors of those companies in the winding-up.

In addition, future changes to the Insolvency Law or other applicable laws relating to or affecting the enforcement of creditors' rights in Spain could adversely affect the ranking of claims in respect of the Notes or the rights of holders of Notes upon BBVA's insolvency and, consequently, the value of or market for the Notes. On August 3, 2020, the Spanish government published a draft bill intended to implement certain aspects of Directive 2019/879 of the European Parliament and of the Council of May 20 in Spain, and which would amend Law 41/1999, of November 12, on payment and securities settlement systems, Royal Decree-Law 16/2011, of October 14, which establishes the Deposit Guarantee Fund for Credit Institutions, Law 11/2015 and the Spanish Securities Market Act (as defined in the accompanying prospectus) (the "**Draft BRRD II Law Bill**"). Among other changes, the Draft BRRD II Law Bill establishes a special creditor ranking hierarchy in the event of insolvency of credit entities pursuant to which certain liabilities that would currently rank *pari passu* with payment obligations of the Issuer under the Notes with respect to claims for principal (such as deposits of corporate customers, financial institutions and governments and government agencies) would rank senior to such payment obligations under the Notes. In addition, claims against the Issuer from entities that are part of the Group would cease to be automatically treated as "subordinated obligations" and their respective ranking would be determined instead on the basis of their underlying contractual nature. The Draft BRRD II Law Bill is still subject to a period of consultation and deliberation and, therefore, could undergo significant modifications before it is approved and takes effect. While there continues to be uncertainty as to the final form, content, and effective date of the Draft BRRD II Law Bill, it is possible that its adoption will affect the ranking of claims in respect of the Notes and/or the rights of holders of Notes upon BBVA's insolvency.

Furthermore, the Notes are not deposits or savings accounts and are not insured by the Federal Deposit Insurance Corporation, the Deposit Insurance Fund, or any other governmental agency of Spain, the United States or any other jurisdiction.

Moreover, prior to any voluntary or necessary declaration of insolvency of the Issuer under the Insolvency Law or any voluntary or mandatory liquidation of the Issuer or similar procedure, the Issuer may be subject to an Early Intervention or Resolution, or to any other exercise of the Spanish Bail-in Power, and the Notes of any series may be subject to the exercise of the Spanish Bail-in Power, in which case no holder or beneficial owner of any such Note shall have any claim against the Issuer in connection with or arising out of any such exercise of the Spanish Bail-in Power. See "*—Under the terms of the Notes, you have agreed to be bound by the exercise of any Spanish Bail-in Power by the Relevant Spanish Resolution Authority*".

***Credit ratings assigned to the Issuer or the Notes may not reflect all risks of an investment in the Notes and a downgrade in credit ratings could adversely affect the trading prices of the Notes.***

Credit ratings may not reflect the potential impact of all risks related to the structure of the Notes of any series and additional factors discussed above and do not address the price, if any, at which the Notes of any such series may be resold prior to maturity (which may be substantially less than the original offering price of such Notes) and other factors that may affect the value of such Notes. However, real or anticipated changes in the Issuer's credit ratings or the credit ratings of the Notes of any series may affect the market value of such Notes.

Such changes may, among other factors, be due to a change in the methodology applied by a rating agency to rating securities with similar structures to the Notes, as opposed to any revaluation of the Issuer's financial strength or other factors such as conditions affecting the financial services industry generally. For example, credit ratings may be revised as a result of changes in rating agencies' views of the level of implicit sovereign support for European banks. In general terms, any ratings downgrade will adversely affect the trading prices of the Notes or the trading markets for such Notes to the extent trading markets for the Notes develop, and any ratings improvement will not necessarily increase the value of the Notes and will not reduce market risk and other investment risks related to the Notes.

A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time. Potential investors should not rely on any rating of the Notes and should make their investment decision on the basis of considerations such as those outlined herein (see "*The Notes are not a suitable investment for all investors*").

The Issuer does not participate in any decision making of the rating agencies and any revision or withdrawal of any credit rating assigned to the Issuer or any Notes is a third party decision for which the Issuer does not assume any responsibility.

In general, European (including U.K.) regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU or the United Kingdom and registered under such regulation (and such registration has not been withdrawn or suspended). If the status of the rating agency rating the Notes changes, European (including U.K.) regulated investors may no longer be able to use the rating for regulatory purposes and the Notes may have a different regulatory treatment. This may result in European (including U.K.) regulated investors selling the Notes which may affect the trading prices of the Notes or the trading markets for such Notes to the extent trading markets for the Notes develop.

***The Issuer may redeem the Notes in certain circumstances.***

The Issuer has the right to redeem the Notes of any series at its option, (i) for tax reasons, in the event of changes to tax laws (or changes in the application or official interpretation thereof) that would (a) require the Issuer to pay Additional Amounts on the Notes of a series, (b) result in the Issuer not being entitled to claim a tax deduction on interest to be paid on such Notes (or the value of such deduction being reduced), or (c) materially affect the applicable tax treatment of the Notes (see "*Certain Terms of the Notes—Redemption—Early Redemption for Taxation or Listing Reasons*"); (ii) if an Eligible Liabilities Event occurs with respect to such Notes on or after their Issue Date (see "*Certain Terms of the Notes—Redemption—Early Redemption for Eligible Liabilities Event*"); and (iii) if such Notes are not listed on an organized market in an OECD country by the date that is 45 days prior to the first Interest Payment Date (see "*Certain Terms of the Notes—Redemption—Early Redemption for Taxation or Listing Reasons*"). If the Issuer opts to redeem Notes of any series under either of prongs (ii) and (iii), the Issuer will have to redeem all (but not less than all) of the Notes of such series. However, if the Issuer opts to redeem Notes of any series under prong (i), the Issuer will have the ability to redeem all or only some of the Notes.

It is not possible to predict whether or not any change in the laws or regulations of Spain, Applicable Banking Regulations or the application or official interpretation thereof, or any of the other events referred to above, will occur and so lead to the circumstances in which the Issuer is able to elect to redeem the Notes and, if so, whether or not the Issuer will elect to exercise such option to redeem the Notes of any series or, as applicable, any prior consent of the Regulator required for such redemption will be given.

During any period when the Issuer may elect to redeem the Notes of any series, the market value of such Notes generally will not rise substantially above the Redemption Price. This also may be true prior to any such period. Should the Issuer elect to redeem Notes of any series, you may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. In addition, if the Issuer were to redeem only part of the Notes of a series under prong (i) above, the liquidity and trading price of any Notes of such series not so redeemed may be adversely affected.

Moreover, in the event of a Redemption for Failure to List under prong (iii) above, if required by the relevant Spanish laws or regulations (including any binding rulings), the Issuer will withhold tax and will pay interest in respect of the principal amount of the Notes redeemed net of the Spanish withholding tax applicable to such payments (currently 19%). If this were to occur, the Issuer would not pay Additional Amounts and

beneficial owners would have to follow the Direct Refund from Spanish Tax Authorities Procedures set forth in Annex A to this prospectus supplement in order to apply directly to the Spanish tax authorities for any refund to which they may be entitled. The Issuer intends to apply to list the Notes of each series on the New York Stock Exchange; however, no such listing can be assured. See “*Certain Terms of the Notes—Redemption—Early Redemption for Taxation or Listing Reasons*”.

***The Notes cannot be redeemed prior to maturity at the option of holders, including in the event of non-payment of principal or interest.***

In accordance with Article 45 of the BRRD, Article 38 of RD 1012/2015 and the Applicable Banking Regulations, the terms and conditions of the Notes do not include provisions allowing for the early redemption of the Notes at the option of holders, including in the event of any failure by the Issuer to comply with its obligations under the Notes (such as any obligation to pay principal or interest in respect of such Notes), as such provisions could limit the eligibility of the Notes for MREL purposes.

***The Issuer will pay Additional Amounts only in respect of interest on the Notes.***

You should be aware that the Issuer will pay Additional Amounts on the Notes only if, subject to certain exceptions (as set forth in “*Certain Terms of the Notes—Payments of Additional Amounts*”), any withholding or deduction is imposed or levied in respect of payment of interest (but not principal or premium) by or on behalf of Spain or any political subdivision or authority thereof or therein having the power to tax. The Issuer will therefore not be required to pay any Additional Amounts if any withholding or deduction is imposed or levied in respect of principal or premium payments.

***The qualification of the Notes as eligible for inclusion in the Eligible Liabilities Amount of the Issuer or the BBVA Group is subject to uncertainty.***

The Notes will be issued by the Issuer with the intention of their being eligible for inclusion in the Eligible Liabilities Amount of the Issuer and/or the Group under the Applicable Banking Regulations. However, there is uncertainty regarding the final form of Applicable Banking Regulations insofar as such eligibility is concerned and how those regulations are to be interpreted and applied. The Issuer cannot provide any assurance that the Notes of any series will be (or thereafter will remain) eligible liabilities of the Issuer and/or the Group.

While the terms and conditions of the Notes may be consistent with the Applicable Banking Regulations, the Applicable Banking Regulations have not yet been fully implemented. Pending the final implementation and interpretation of the regulations giving effect to MREL, the Issuer cannot provide any assurance that any series of Notes will ultimately be (or thereafter remain) eligible liabilities of the Issuer and/or the Group. If an Eligible Liabilities Event occurs, the Issuer may redeem, substitute or vary the terms of the affected Notes at its option, which may result in investors not realizing the return on the Notes that they were otherwise expecting or have a material adverse effect on the market value of the relevant Notes. See “*—The Issuer may redeem the Notes in certain circumstances*” and “*—If an Eligible Liabilities Event occurs, the terms of the Notes may be modified, or the Notes may be substituted by different securities, without the consent of holders*”.

***The terms of the Notes contain a waiver of set-off rights.***

Under the terms of the Notes of each series, neither any holder or beneficial owner of any Notes, nor the Trustee acting on behalf of any holders of Notes, may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under, or in connection with, the Notes or the Indenture. The terms and conditions of the Notes provide that holders and beneficial owners of the Notes, by virtue of their holding of any Notes or any interest therein, and the Trustee acting on behalf of any holders of Notes, shall be deemed to have waived all such rights of set-off, compensation or retention. As a result, holders of Notes will not at any time be entitled to set-off the Issuer’s obligations under the Notes against obligations owed by them to the Issuer.

***If the Paying Agent fails to deliver a Payment Statement in respect of an interest payment or in connection with a redemption of Notes, payments with respect to such Notes will become subject to Spanish withholding tax and no Additional Amounts will be paid by the Issuer.***

According to Article 44.5 of RD 1065/2007, income derived from the Notes will be paid free of Spanish withholding tax provided that the Paying Agent appointed by the Issuer submits a Payment Statement to the Issuer on the business day immediately prior to the relevant Interest Payment Date. The statement, the form of



which will be included in the Indenture, shall include the following information: (i) identification of the securities; (ii) relevant payment date; (iii) total amount of income to be paid on such date; and (iv) total amount of income corresponding to securities managed by each clearing system located outside Spain. If the Paying Agent fails to deliver a duly executed and completed Payment Statement on a timely basis, in respect of an interest payment or in connection with a redemption of Notes (other than in the event of a Redemption for Failure to List), then the related payment will be subject to Spanish withholding tax, currently at the rate of 19%. If this were to occur, the Issuer would not pay Additional Amounts and owners of a beneficial interest in the Notes would have to follow the Direct Refund from Spanish Tax Authorities Procedures set forth in Annex A to this prospectus supplement in order to apply directly to the Spanish tax authorities for any refund to which they may be entitled.

***If an Eligible Liabilities Event occurs, the terms of the Notes may be modified, or the Notes may be substituted by different securities, without the consent of holders.***

If an Eligible Liabilities Event occurs and is continuing with respect to any series of Notes, the Issuer may, under certain circumstances and without the consent or approval of the holders or beneficial owners of such Notes, substitute all (but not less than all) of such Notes or modify the terms of all (but not less than all) of such Notes, so that such Notes are substituted by, or their terms are modified to, become again, or remain, Qualifying Securities. See “*Certain Terms of the Notes—Substitution and Modification*”.

“**Qualifying Securities**” means, with respect to a series of Notes which is subject to any substitution or modification pursuant to their terms, at any time, any securities issued by the Issuer (including any Notes so modified so as to remain Qualifying Securities) that:

- (i) contain terms which comply with the then-current requirements for inclusion in the Eligible Liabilities Amount as provided under Applicable Banking Regulations, as applicable;
- (ii) have the same denomination and aggregate outstanding principal amount, the same currency in which payments shall be payable, the same rate of interest and terms for the determination of any applicable rate of interest, the same date of maturity and the same dates for payment of interest as such series of Notes immediately prior to any substitution or modification;
- (iii) have the same or higher ranking as is applicable to such series of Notes on the issue date of such series of Notes;
- (iv) preserve any existing rights under the Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date (as defined herein) last preceding the date of any substitution or modification; and
- (v) are listed or admitted to trading on any stock exchange as selected by the Issuer, if such series of Notes was listed or admitted to trading on a stock exchange immediately prior to the relevant substitution or modification.

There can be no assurance as to how the terms of any Qualifying Securities resulting from any such substitution or modification will be viewed by the market or whether any such Qualifying Securities will trade at prices that are at least equivalent to the prices at which the Notes would have traded on the basis of their original terms.

In addition, the Issuer will not be under any obligation to consider the tax position of any holders of Notes in connection with any such substitution or modification of the Notes or to the tax consequences of any such substitution or modification for individual holders of Notes. No holder of Notes shall be entitled to claim any indemnification or payment from or have any other recourse to the Issuer or any other person, in respect of any tax consequences of any such substitution or modification for that holder of Notes.

***You may be unable to enforce judgments obtained in U.S. courts against the Issuer.***

Substantially all of the directors and executive officers of the Issuer are not residents of the United States, and most of the assets of the Issuer are located outside of the United States. As a consequence, you may not be able to effect service of process on these non-U.S. resident directors and executive officers in the United States or to enforce judgments against them outside of the United States. Spanish counsel has advised that there is doubt as to whether a Spanish court would enforce a judgment of liability obtained in the United States against the Issuer predicated solely upon the securities laws of the United States.

***Spanish courts will have exclusive jurisdiction in respect of any suit or proceeding arising out of, relating to or in connection with the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority.***

The Indenture and the Notes provide that the courts of Spain will have exclusive jurisdiction in respect of any suit or proceeding arising out of or relating to the Indenture or the Notes arising out of, relating to or in connection with the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority. They also provide that each holder of Notes irrevocably waives, to the extent it may effectively do so, any objection to the Spanish courts on the grounds that they are an inconvenient or inappropriate forum in respect of any such suit or proceeding. Litigation in Spain is subject to procedural rights and other rules that are different from those of the United States. Litigation and legal enforcement in Spain may be more difficult, costly and time-consuming, and slower, than in other jurisdictions. Furthermore, it may be more complex to predict the outcome of administrative and court proceedings in Spain than in other jurisdictions.

***There is no restriction under the Indenture on the amount or type of further securities or indebtedness which the Issuer may incur.***

There is no restriction under the Indenture on the amount or type of further secured or unsecured securities or indebtedness which the Issuer may issue or incur which ranks senior to, or *pari passu* with, the Notes. The incurrence of any such further indebtedness may reduce the amount recoverable by holders of the Notes of any series on a liquidation, dissolution or winding-up of the Issuer in respect of the Notes of such series and may limit the ability of the Issuer to meet its obligations in respect of the Notes of such series, and result in a holder of the Notes of such series losing some or all of its investment in the Notes of such series.

***If the Notes are not denominated in your home currency, you will be exposed to movements in exchange rates adversely affecting the value of your investment in the Notes. In addition, you may not receive payments on the Notes as a result of the imposition of exchange controls in relation to the Notes.***

The Issuer will pay principal and interest on the Notes in U.S. dollars. This presents certain risks relating to currency conversions if your financial activities are denominated principally in a currency or currency unit other than the U.S. dollar. These include the risk that exchange rates may significantly change and the risk that authorities with jurisdiction over your currency and/or the U.S. dollar may impose or modify exchange controls. An appreciation in the value of your currency relative to the U.S. dollar would decrease (i) your currency-equivalent yield on the Notes; (ii) your currency-equivalent value of the principal amount payable on the Notes; and (iii) your currency-equivalent market value of the Notes.

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

***The Issuer may be substituted by another debtor entity.***

The Issuer may, under certain circumstances and without the consent or approval of the holders or beneficial owners of the Notes, be substituted by another company incorporated anywhere in the world as the principal debtor in respect of all obligations arising under or in connection with the Notes. In that case, the holders of the Notes will assume the risk that such another debtor may become insolvent or otherwise be unable to make all payments due in respect of the Notes. No holder of Notes shall be entitled to claim any indemnification or payment from or have any other recourse to the Issuer, in respect of any tax or other consequences of any such substitution for that holder of Notes. For additional information, see “*Certain Terms of the Notes—Consolidation, Merger and Conveyance of Assets; Assumption*”. An assumption of the obligations of the Issuer under the Notes might be considered for U.S. federal income tax purposes to be a deemed exchange by the U.S. beneficial owners of the Notes for new notes, which may result in recognition of taxable gain or loss for these purposes and possible other adverse U.S. tax consequences for such beneficial owners. U.S. beneficial owners of Notes should consult their tax advisors regarding the U.S. federal, state and local income tax consequences of an assumption.

***While the Notes are in global form, holders will have to rely on the procedures of DTC for transfers, payments and communication with the Issuer.***

The Notes of each series will be represented by one or more global securities. Such global securities will be registered in the name of Cede & Co. as a nominee of DTC, and may be held through a DTC participant, including Euroclear and Clearstream Luxembourg. Except in certain exceptional circumstances set forth in the accompanying prospectus, investors will not be entitled to receive certificated notes. DTC will maintain records



of the beneficial interests in the global securities representing the Notes. While the Notes are represented by global securities, investors will be able to trade their beneficial interests only through DTC (or any other clearing system that is a direct or indirect participant in DTC).

While the Notes of any series are represented by global securities, the Issuer will discharge its payment obligations under the Notes of such series by making payments through DTC for distribution to the account holders. A holder of a beneficial interest in a global security must rely on the procedures of DTC, or if such interest is held through a DTC participant, the procedures of such DTC participant, to receive payments under the relevant series of Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the global securities.

Holders of beneficial interests in the global securities representing the Notes will not have a direct right to vote in respect of the relevant series of Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by DTC and its participants to appoint appropriate proxies. Similarly, holders of beneficial interests in the global securities representing the Notes will not have a direct right under the Notes to take enforcement action against the Issuer in the event of a default under the relevant series of Notes but will have to rely upon their rights under the Indenture.

***The Notes are not a suitable investment for all investors.***

The Notes of each series are complex financial instruments and are not a suitable or appropriate investment for all investors. Given the nature and characteristics of the Notes, including the potential exercise and effects of the Spanish Bail-in Power and the redemption, substitution and modification features of the Notes, the Issuer considers that the Notes are not suitable or appropriate for investment by retail investors anywhere in the world. Each potential investor in the Notes of any series must determine if it is permitted to subscribe for or purchase such Notes in accordance with the restrictions on such subscription and purchase as set out in this prospectus supplement, the accompanying Prospectus and the Indenture, and should consider the suitability of such investment in light of its own circumstances and needs. In particular, each potential investor may wish to consider, either on its own or with the help of its financial or other professional advisers, whether it:

- has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus, taking into account that the target market for the Notes is eligible counterparties and professional clients only (each as defined in MiFID II). The target market assessment indicates that the Notes are incompatible with the knowledge, experience, needs, characteristic and objectives of clients which are retail clients (as defined in MiFID II);
- has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- has sufficient risk tolerance and financial resources and liquidity to bear losses as well as all of the risks of an investment in the Notes, including where the currency for payments in respect of the Notes is different from the potential investor's currency;
- understands thoroughly the terms of the Notes, including the provisions relating to the potential exercise and effects of the Spanish Bail-in Power and the redemption, substitution and modification features of the Notes, and is familiar with the behavior of financial markets; and
- is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in the Notes unless it has the knowledge and expertise (either alone or with its financial and other professional advisers) to evaluate the suitability of an investment in the Notes and the impact this investment will have on the potential investor's overall investment portfolio. Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this prospectus supplement and the accompanying prospectus or incorporated by reference herein or therein.

***The value of the Notes may be adversely affected by movements in market interest rates.***

The Notes bear a fixed interest rate. As a result, an investment in the Notes of any series involves the risk that if market interest rates subsequently increase above the rate paid on such Notes, this will adversely affect their market value as the return realized on such Notes may then be less than the return an investor could realize from another equivalent investment at the relevant time.

## **USE OF PROCEEDS**

The net proceeds from the offering of the Notes are expected to amount to \$1,987,504,000 in the aggregate after deduction of the underwriting commissions and the other expenses incurred in connection with the offering of the Notes. We intend to use the net proceeds of the offering for general corporate purposes.

## CONSOLIDATED CAPITALIZATION AND INDEBTEDNESS OF THE BBVA GROUP

The following table sets forth the capitalization and indebtedness of the BBVA Group on an unaudited consolidated basis, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS-IASB”) and in accordance with the International Financial Reporting Standards adopted by the European Union (“EU-IFRS”) required to be applied under the Bank of Spain’s Circular 4/2004 and Circular 4/2017, as of June 30, 2020 on an actual basis and as adjusted to reflect the issuance by us of the Notes pursuant to this offering (based on the exchange rate at June 30, 2020 of \$1.1198 per €1.00), prior to the application of the net proceeds thereof. The exchange rate at September 10, 2020 was \$1.1849 per €1.00.

	As of June 30, 2020	
	Actual	As adjusted
	(in millions of euros)	
<b>Outstanding indebtedness<sup>(1)</sup></b>		
Short-term indebtedness <sup>(2)</sup> .....	13,692	13,692
Long-term indebtedness .....	54,931	56,717
Of which: Preferred securities <sup>(3)</sup> .....	132	132
<b>Total indebtedness<sup>(4)</sup> .....</b>	<b>68,623</b>	<b>70,409</b>
<b>Stockholders’ equity</b>		
Ordinary shares .....	3,267	3,267
Ordinary shares held by consolidated companies .....	(28)	(28)
Reserves .....	53,302	53,302
Dividends .....	—	—
Accumulated other comprehensive income .....	(12,822)	(12,822)
<b>Total shareholders’ equity .....</b>	<b>43,719</b>	<b>43,719</b>
<b>Preferred shares .....</b>	—	—
<b>Non-controlling interest .....</b>	<b>5,836</b>	<b>5,836</b>
<b>Total capitalization and indebtedness .....</b>	<b>118,177</b>	<b>119,963</b>

(1) No third party has guaranteed any of the debt of the BBVA Group.

(2) Includes all outstanding promissory notes and bonds, debentures and subordinated debt (including preferred securities) with a remaining maturity of up to one year as of June 30, 2020.

(3) In accordance with IFRS-IASB and in accordance with EU-IFRS required to be applied under the Bank of Spain’s Circular 4/2004 and Circular 4/2017, our preferred securities are accounted for as subordinated debt. Nonetheless, for Bank of Spain regulatory capital purposes, such preferred securities are treated as Tier 1 capital instruments.

(4) Approximately 39% of the BBVA Group’s indebtedness was secured as of June 30, 2020.

The following are the principal transactions affecting the capitalization of the BBVA Group after June 30, 2020:

- In July 2020, BBVA completed the issuance of the first green convertible bond (CoCo) ever issued by a financial institution worldwide in a principal amount of €1,000 million, with a coupon of 6% and an option for early amortization in five and a half years. This issuance will be included in the capital adequacy ratios for the third quarter with an estimated impact on Additional Tier 1 Capital of +28 basis points.
- Also in July 2020, BBVA completed a Tier 2 issue in a principal amount of £300 million, with a maturity of 11 years, an early redemption option from the sixth year and a 3.104% coupon, which has helped to reinforce the Tier 2 ratio. This issue will be included in the capital adequacy ratios for the third quarter with an estimated impact on Tier 2 of +2 basis points.

The Group has made and continues to make significant use of public sources of liquidity, such as the ECB’s extraordinary measures taken in response to the financial crisis since 2008 and those taken in the face of the crisis caused by the COVID-19 pandemic. The relaxation of the conditions of the Targeted Long Term Refinancing Operations (“TLTRO”) III led to an increase in the maximum amount that BBVA could receive thereunder from €21,000 million to €35,000 million. As of June 30, 2020, BBVA had taken up its full allotment under the TLTRO III (€35,000 million), taking advantage of its favorable conditions in terms of cost and tenor. BBVA participated in the auctions of December 2019 and March 2020, with a €7,000 million TLTRO III take-up

in each such auction and repaid €9,700 million and €7,000 million under the TLTRO II, respectively. In June 2020, BBVA received €21,000 million under the TLTRO III and repaid the €7,000 million outstanding under the TLTRO II. The TLTROs or other ECB's programs supporting liquidity of financial institutions such as BBVA could be cancelled or their conditions changed at any time.

## CERTAIN TERMS OF THE NOTES

*The following is a summary of certain terms of the Notes. It amends and supplements in certain material respects the description of the general terms of the senior notes of any series we may issue contained in the accompanying prospectus under the heading “Description of the Notes of BBVA”. If there is any inconsistency between the following summary and the description in the accompanying prospectus, the following summary governs.*

Each series of Notes will be issued under the indenture (the “**Base Indenture**”) dated July 28, 2016 among BBVA, as issuer, and The Bank of New York Mellon, as trustee (the “**Trustee**”), as amended and supplemented, with respect to the 2023 Notes, by the First Supplemental Indenture and, with respect to the 2025 Notes, by the Second Supplemental Indenture, each to be dated as of or around September 18, 2020, among the Issuer, The Bank of New York Mellon, London Branch, as Trustee, paying agent (the “**Paying Agent**”) and transfer agent, and The Bank of New York Mellon, as security registrar (the Base Indenture, as so amended and supplemented with respect to each series of Notes, the “**Indenture**”). Each series of Notes will be issued pursuant to the resolution of the board of directors of the Issuer adopted on June 25, 2019 and reflected in a public deed of issuance executed on or prior to the date of settlement of the offering, which is currently expected to be on or around September 18, 2020. The 2023 Notes and the 2025 Notes will be designated Series BONOS SIMPLES PREFERENTES SEPTIEMBRE 2020-SEC5 and BONOS SIMPLES PREFERENTES SEPTIEMBRE 2020-SEC6, respectively, in the public deed of issuance. The First Supplemental Indenture and the Second Supplemental Indenture will amend and supplement the Base Indenture in certain material respects.

The following summary of certain provisions of the Notes and the Indenture does not purport to be complete and is subject, and is qualified in its entirety by reference, to all of the provisions of the Notes and the Indenture, including the definitions of the terms provided therein. Whenever we refer to specific provisions of or terms defined in the Indenture in this prospectus supplement we incorporate by reference into this prospectus supplement such specific provisions of or terms defined in the Indenture. The Base Indenture has been and the First Supplemental Indenture and the Second Supplemental Indenture will be filed as exhibits to the registration statement of which this prospectus supplement forms part. Upon request, you may obtain a copy of the Indenture from the Trustee. To the extent the below information with respect to the Notes is inconsistent with the information contained in the accompanying prospectus, the information below updates and supersedes such information in the accompanying prospectus.

The Issuer may issue future notes under other indentures or documentation which contain provisions different from those included in the Indenture, including future notes under the Base Indenture (as it may be amended and supplemented by the relevant supplemental indenture). The Issuer is not prohibited under the Notes or the Indenture from paying any amounts due under any of its obligations at a time when they are in default or have failed to pay any amounts due under the Notes or the Indenture.

### General

The 2023 Notes will be issued in \$1,200,000,000 aggregate principal amount and will mature at 100% of their principal amount on September 18, 2023 (the “**2023 Notes Stated Maturity Date**”). The 2025 Notes will be issued in \$800,000,000 aggregate principal amount and will mature at 100% of their principal amount on September 18, 2025 (the “**2025 Notes Stated Maturity Date**” and, each of the 2023 Notes Stated Maturity Date and the 2025 Notes Stated Maturity Date, a “**Stated Maturity Date**”). Each series of Notes will be issued only in registered form in denominations of \$200,000 with increments of \$200,000 thereafter.

The 2023 Notes and the 2025 Notes will constitute separate series of securities under the Indenture.

No series of Notes will be entitled to the benefit of any sinking fund or similar custodial arrangement. All payments on or in respect of the Notes of any series will be made in U.S. dollars. The Notes of each series will be initially represented by one or more global security certificates (each, a “**Global Certificate**”) which will be deposited with a custodian for DTC and Notes represented thereby will be registered in the name of Cede & Co., as nominee for DTC.

Beneficial interests in the Notes of each series will be shown on, and transfers thereof will be effected only through, the book-entry records maintained by DTC and its participants. You will not receive certificated notes unless one of the events described under the heading “*Description of the Notes of BBVA—Global Certificates*,” in the accompanying prospectus, occurs.

The Indenture provides that, in addition to the Notes, notes, bonds and other evidences of indebtedness of other series may in the future be issued thereunder without limitation as to the maximum aggregate principal amount. The Issuer may from time to time, without the consent of the holders of the Notes of any series, create and issue further securities having the same terms and conditions as the previously issued Notes in all respects (or in all respects except for the issue date, the original interest accrual date and/or the issue price), so that such further issue shall be consolidated and form a single series with the outstanding Notes of the relevant series; *provided, however*, that any such further issuance will only be made if either such additional securities are issued with no more than *de minimis* original issue discount for U.S. federal income tax purposes or any such further issuance is a “qualified reopening” as such term is defined under U.S. Treasury Regulations Section 1.1275-2(k)(3) promulgated under the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”).

### **Payment of Interest**

The 2023 Notes will bear interest from and including September 18, 2020 at an annual rate of 0.875%. The Issuer will pay interest in arrears on the 2023 Notes semi-annually on September 18 and March 18 of each year, commencing on March 18, 2021 up to, and including, the 2023 Notes Stated Maturity Date or any date of earlier redemption.

The 2025 Notes will bear interest from and including September 18, 2020 at an annual rate of 1.125%. The Issuer will pay interest in arrears on the 2025 Notes semi-annually on September 18 and March 18 of each year, commencing on March 18, 2021 up to, and including, the 2025 Notes Stated Maturity Date or any date of earlier redemption.

Interest on the Notes of each series will be computed on the basis of a 360-day year of twelve 30-day months. Except as described below for the first Interest Payment Date for the Notes of each series, on each Interest Payment Date for Notes of a series, the Issuer will pay interest on the Notes of such series for the period commencing on and including the immediately preceding Interest Payment Date for such series of Notes and ending on and including the day immediately preceding that Interest Payment Date. On the first Interest Payment Date for each series of Notes, the Issuer will pay interest for the period beginning on and including September 18, 2020 to but excluding March 18, 2021.

If, with respect to any series of Notes, any Interest Payment Date falls on a day that is not a Business Day, the related interest payment shall be postponed to the next day that is a Business Day, and no interest on such payment shall accrue for the period from and after such Interest Payment Date. If, with respect to any series of Notes, the Stated Maturity Date or date of earlier redemption falls on a day that is not a Business Day, payment of principal and interest on the Notes of the relevant series will be made on the next succeeding day that is a Business Day, and no interest on such Notes will accrue for the period from and after the relevant Stated Maturity Date or date of earlier redemption.

Interest on each Note will be paid only to the person in whose name such Note was registered at the close of business on the 15th calendar day before the applicable Interest Payment Date (each such date, a “**Regular Record Date**”).

For purposes of each series of Notes, “**Business Day**” means any day, other than Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law, regulation or executive order to close in the City of New York, London or Madrid.

### **Payments of Additional Amounts**

Any amounts to be paid by the Issuer with respect to the Notes shall be paid without withholding or deduction for or on account of any and all present or future taxes or duties of whatever nature (“**Taxes**”) unless such withholding or deduction is required by law. In the event any such withholding or deduction is imposed or levied in respect of payment of interest (but not principal or premium) by or on behalf of Spain or any political subdivision or authority thereof or therein having the power to tax, the Issuer will pay to the holder of Notes such additional amounts (“**Additional Amounts**”) as may be necessary in order that the net amount received by such holder of Notes under the Indenture, after such withholding or deduction, shall equal the amount of interest, if any, which would have been receivable by such holder of Notes in the absence of such withholding or deduction; *provided, however*, that the foregoing obligation to pay Additional Amounts will not apply:

- (i) to, or to a third party on behalf of, a holder of Notes who is liable for such Taxes by reason of such holder of Notes (or the beneficial owner of the Note for whose benefit such holder holds such Note) having some connection with Spain other than the mere holding of such Note (or such beneficial interest) or the mere crediting of the Note to its securities account with DTC; or



- (ii) in the case of a Note presented for payment (where presentation is required) more than 30 days after the Relevant Date (as defined herein) except to the extent that the holder of Notes would have been entitled to Additional Amounts on presenting the same for payment on such thirtieth day assuming that day to have been a Business Day in such place of presentment; or
- (iii) in respect of any Tax, assessment or other governmental charge that would not have been imposed but for the failure by the holder or beneficial owner of the Note to comply with certification, information or other reporting requirements concerning the nationality, residence or identity of the holder or beneficial owner of that Note, if compliance is required by statute or by regulation of Spain or of any political subdivision or taxing authority thereof or therein as a precondition to reduction of or relief or exemption from the tax, assessment or other governmental charge; or
- (iv) in respect of any Note presented for payment (where presentation is required) by or on behalf of a holder of Notes who would be able to avoid such withholding or deduction by presenting the relevant Note to another paying agent;
- (v) to, or to a third party on behalf of, a holder of Notes if the Issuer does not receive any relevant information as may be required by Spanish tax laws and regulations (including any binding rulings), including a duly executed and completed Payment Statement from the Paying Agent; or
- (vi) in the event that the Note is redeemed pursuant to a Redemption for Failure to List (as such term is defined below under “—Redemption—Early Redemption for Taxation or Listing Reasons”).

Additional Amounts will also not be paid with respect to any payment on any Note to any holder of Notes who is a fiduciary, partnership, limited liability company or person other than the sole beneficial owner of such payment to the extent such payment would be required by the laws of Spain (or any political subdivision thereof) to be included in the income, for Spanish tax purposes, of a beneficiary or settlor with respect to such fiduciary, member of such partnership, interest holder in that limited liability company or a beneficial owner who would not have been entitled to such Additional Amounts had it been a holder of such Note.

No Additional Amounts will be paid by the Issuer, the Trustee or any paying agent on account of any withholding or deduction from a payment on, or in respect of, the Notes where such withholding or deduction is imposed pursuant to any agreement with the U.S. Internal Revenue Service in connection with Sections 1471-1474 of the Code and the U.S. Treasury regulations thereunder (“**FATCA**”), any intergovernmental agreement between the United States and Spain or any other jurisdiction with respect to FATCA, or any law, regulation or other official guidance enacted or issued in any jurisdiction implementing, or relating to, FATCA or any intergovernmental agreement.

For purposes of the paragraphs above, “**Relevant Date**” means, in respect of any payment, the date on which such payment first becomes due and payable, except that if the full amount of the moneys payable has not been received by the Paying Agent on or before such due date, it means the first date on which the full amount of such moneys having been so received and made available for payment to holders, notice to that effect is duly given to the holders of Notes in accordance with the provisions set forth under “—*Notices*” below.

Any reference to payment of interest shall be deemed to include the payment of Additional Amounts to the extent payable in respect thereof.

## **Redemption**

### *General*

In the event of a redemption with respect to a series of Notes, the redemption price of such Notes will be 100% of their principal amount together with any accrued but unpaid payments of interest to, but excluding, the date of redemption (the “**Redemption Price**”).

If the Issuer has elected to redeem Notes of a series but prior to the payment of the Redemption Price to holders of Notes the Relevant Spanish Resolution Authority exercises its Spanish Bail-in Power with respect to such Notes, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect, there shall be no redemption and consequently no payment of the Redemption Price (and any accrued interest and Additional Amounts payable thereon) will be due and payable.

Any redemption shall be in compliance with the Applicable Banking Regulations and, if required, the Issuer shall have obtained the prior consent of the Regulator.

Any notice of redemption shall be given not less than 30 nor more than 90 days prior to the redemption date.

If the Issuer elects to redeem Notes of a series, they will cease to accrue interest from the redemption date, unless the Issuer fails to pay the Redemption Price on the payment date.

“**Applicable Banking Regulations**” means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy, resolution and/or solvency then applicable to the Issuer and/or the Group including, without limitation to the generality of the foregoing, CRD V (as defined below), the BRRD, the SRM Regulation (as defined below) and those laws, regulations, requirements, guidelines and policies relating to capital adequacy, resolution and/or solvency then in effect in Spain (whether or not such regulations, requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer and/or the Group).

“**BRRD**” means Directive 2014/59/EU of the European Parliament and of the Council of May 15 establishing a framework for the recovery and resolution of credit institutions and investment firms or such other directive as may come into effect in place thereof, as implemented into Spanish law by Law 11/2015 and RD 1012/2015, as amended, replaced or supplemented from time to time (including as amended by Directive 2019/879 of the European Parliament and of the Council of May 20) and including any other relevant implementing or developing regulatory provisions.

“**CRD V**” means any or any combination of the CRD Directive (as defined below), the CRR (as defined below) and any CRD Implementing Measures (as defined below).

“**CRD Directive**” means Directive 2013/36/EU of the European Parliament and of the Council of June 26 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as amended, replaced or supplemented from time to time (including as amended by Directive (EU) 2019/878 of the European Parliament and of the Council of May 20).

“**CRD Implementing Measures**” means any regulatory capital rules implementing or developing the CRD Directive or the CRR which may from time to time be introduced, including, but not limited to, delegated or implementing acts (regulatory technical standards) adopted by the European Commission, national laws and regulations, and regulations and guidelines issued by the Regulator (as defined below), the European Banking Authority or any other relevant authority, which are applicable to the Issuer (on a standalone basis) or the Group (on a consolidated basis), including, without limitation, Law 10/2014 of June 26, on regulation, oversight and solvency of credit institutions (*Ley 10/2014, de 26 de junio, de ordenación, supervisión y solvencia de entidades de crédito*), as amended, replaced or supplemented from time to time, and any other regulation, circular or guidelines implementing or developing Law 10/2014, as amended, replaced or supplemented from time to time.

“**CRR**” means Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26, on prudential requirements for credit institutions and investment firms, as amended, replaced or supplemented from time to time (including as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of May 20).

“**Regulator**” means the European Central Bank, the Bank of Spain and/or the Relevant Spanish Resolution Authority, as applicable, and/or such other or successor authority having primary bank supervisory authority, in each case, with respect to prudential or resolution matters in relation to the Issuer and/or the Group from time to time.

“**SRM Regulation**” means Regulation (EU) No. 806/2014 of the European Parliament and of the Council of July 15 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No. 1093/2010, as amended, replaced or supplemented from time to time (including as amended by Regulation (EU) 2019/877 of the European Parliament and of the Council of May 20).

#### ***Early Redemption for Taxation or Listing Reasons***

The Issuer may redeem all or part of a series of Notes at the Redemption Price if, as a result of any change in or any amendment to the laws or regulations of Spain (including any treaty to which Spain is a party) or any political subdivision or any authority or agency thereof or therein having power to tax, or any change in the

application or official interpretation of such laws or regulations, which change, amendment, application or interpretation becomes effective on or after the Issue Date of such Notes, (i) the Issuer would become obligated to pay Additional Amounts in making any payments under such Notes, as described in the section entitled “—Payments of Additional Amounts” above, as a result of any taxes, levies, imposts or other governmental charges imposed (whether by way of withholding or deduction or otherwise) by or for the account of Spain or any political subdivision or authority thereof or therein having the power to tax, (ii) the Issuer would not be entitled to claim a deduction in computing tax liabilities in Spain in respect of any interest to be paid on the next Interest Payment Date on such Notes or the value of such deduction to the Issuer would be reduced or (iii) the applicable tax treatment of such Notes would be materially affected; *provided that*, in the case of (i) above, no such notice to the Trustee of the redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obligated to deduct or withhold tax or pay such Additional Amounts were a payment in respect of the Notes then due.

In addition, if the Notes of a series are not listed on an organized market in an OECD country by the date that is 45 days prior to the first Interest Payment Date on such Notes, the Issuer may, at its option and having given no less than 15 days’ notice (ending on a day which is no later than the Business Day immediately preceding such first Interest Payment Date) to the holders of such Notes in accordance with the terms described below under “—Notices” (which notice will be irrevocable), redeem all (but not less than all) of the Notes of such series at the Redemption Price (any such redemption, a “**Redemption for Failure to List**”); *provided that*, from and including the Issue Date of such series of Notes to and including such Interest Payment Date, the Issuer will use its reasonable efforts to obtain or maintain such listing, as applicable.

In the event of a Redemption for Failure to List, if required by the relevant Spanish laws or regulations (including any binding rulings), the Issuer will withhold tax and will pay interest in respect of the principal amount of the Notes redeemed net of the Spanish withholding tax applicable to such payments (currently 19%). If this were to occur, the Issuer would not pay Additional Amounts and beneficial owners would have to follow the Direct Refund from Spanish Tax Authorities Procedures set forth in Annex A to this prospectus supplement in order to apply directly to the Spanish tax authorities for any refund to which they may be entitled.

#### ***Early Redemption for Eligible Liabilities Event***

The Issuer may, at its option, redeem all (but not less than all) the Notes of a series at the Redemption Price if an Eligible Liabilities Event occurs with respect to such Notes on or after the Issue Date of such Notes.

#### **Ranking**

The Notes will be direct, unconditional, unsubordinated and unsecured obligations of the Issuer and, upon the insolvency (*concurso de acreedores*) of the Issuer, in accordance with and to the extent permitted by the Insolvency Law and other applicable laws relating to or affecting the enforcement of creditors’ rights in Spain (including, without limitation, Additional Provision 14.2 of Law 11/2015), but subject to any other ranking that may apply as a result of any mandatory provision of law (or otherwise), the payment obligations of the Issuer under the Notes with respect to claims for principal (which claims will constitute ordinary claims) will rank: (i) junior to any (a) privileged claims (*créditos privilegiados*) (which shall include, among other claims, any claims in respect of deposits for the purposes of Additional Provision 14.1 of Law 11/2015), and (b) claims against the insolvency estate (*créditos contra la masa*); (ii) *pari passu* without any preference or priority among themselves and with all other Senior Preferred Obligations; and (iii) senior to (a) any Senior Non-Preferred Obligations, and (b) all subordinated obligations of, or claims against, the Issuer (*créditos subordinados*), present and future, such that any claim for principal in respect of the Notes will be satisfied, as appropriate, only to the extent that all claims ranking senior to it have first been satisfied in full, and then pro rata with any claims ranking *pari passu* with it, in each case as provided above.

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

“**Senior Non-Preferred Obligations**” (*créditos ordinarios no preferentes*) means the obligations of the Issuer with respect to any ordinary claims, present and future, which, upon the insolvency (*concurso de*

*acreedores*) of the Issuer are expressed to rank within the ordinary claims but junior to Senior Preferred Obligations.

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

Upon the insolvency (*concurso de acreedores*) of the Issuer, in accordance with and to the extent permitted by the Insolvency Law and other applicable laws relating to or affecting the enforcement of creditors’ rights in Spain, but subject to any other ranking that may apply as a result of any mandatory provision of law (or otherwise), the payment obligations of the Issuer under the Notes with respect to claims for accrued but unpaid interest on the Notes and any Additional Amounts in respect thereof shall constitute subordinated claims (*créditos subordinados*) against the Issuer ranking in accordance with the provisions of the Insolvency Law. No further interest on the Notes shall accrue from the date of declaration of the insolvency of the Issuer.

On August 3, 2020, the Spanish government published the Draft BRRD II Law Bill. Among other changes, the Draft BRRD II Law Bill establishes a special creditor ranking hierarchy in the event of insolvency of credit entities pursuant to which certain liabilities that would currently rank *pari passu* with payment obligations of the Issuer under the Notes with respect to claims for principal (such as deposits of corporate customers, financial institutions and governments and government agencies) would rank senior to such payment obligations under the Notes. In addition, claims against the Issuer from entities that are part of the Group would cease to be automatically treated as “subordinated obligations” and their respective ranking would be determined instead on the basis of their underlying contractual nature. The Draft BRRD II Law Bill is still subject to a period of consultation and deliberation and, therefore, could undergo significant modifications before it is approved and takes effect. While there continues to be uncertainty as to the final form, content, and effective date of the Draft BRRD II Law Bill, it is possible that its adoption will affect the ranking of claims in respect of the Notes and/or the rights of holders of Notes upon BBVA’s insolvency.

Each holder and beneficial owner of Notes by his or her acceptance thereof, to the extent permitted by Spanish law, authorizes and directs the Trustee on his or her behalf to take such action as may be necessary or appropriate to effectuate the ranking of the Notes of the relevant series as provided in the Indenture and as summarized herein and appoints the Trustee his or her attorney-in-fact for any and all such purposes, including, if required, to grant any private or public documents on such holder’s or beneficial owner’s behalf.

Prior to any voluntary or necessary declaration of insolvency of the Issuer under the Insolvency Law or any voluntary or mandatory liquidation of the Issuer or similar procedure, the Issuer may be subject to an Early Intervention or Resolution, or to any other exercise of the Spanish Bail-in Power, and the Notes of any series may be subject to the exercise of the Spanish Bail-in Power, in which case no holder or beneficial owner of any such Note shall have any claim against the Issuer in connection with or arising out of any such exercise of the Spanish Bail-in Power. See “*Risk Factors—Risks Relating to the Notes—The Notes may be subject to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority. Other powers contained in Law 11/2015 and the SRM Regulation could materially affect your rights under, and the value of your investment in, the Notes*” and “*—Agreement with Respect to the Exercise of the Spanish Bail-in Power.*”

## **Events of Default**

“**Event of Default**”, wherever used with respect to the Notes of a series, means (whatever the reason for such Event of Default and whether it shall be voluntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) that, except as set forth in the immediately succeeding paragraph, an order shall have been made by any competent court commencing insolvency proceedings (*procedimiento concursal*) against the Issuer or an order of any competent court or administrative agency shall have been made or a resolution shall have been passed by the Issuer for the dissolution or winding up of the Issuer (except (i) in the case of a reconstruction, consolidation, amalgamation or merger carried out in compliance with the requirements set forth in “*—Consolidation, Merger and Conveyance of Assets; Assumption*” (in this case, even without being approved by an Act (as defined below) of the holders of the Notes) or (ii) in any such case for the purpose of a reconstruction or a consolidation or an amalgamation or a merger which has been approved by an Act of the holders of the Notes). There are no other Events of Default under the Notes.

Notwithstanding any other provision in the Notes or the Indenture, any Resolution or Early Intervention with respect to the Issuer will not, in and of itself and without regard to any other fact or circumstance, constitute



a default or an Event of Default under the immediately preceding paragraph or under any other of the terms of the Notes or the Indenture with respect to the Notes of any series. In addition, neither (i) a reduction or cancellation, in part or in full, of the Amounts Due on the Notes of a series or the conversion thereof into another security or obligation of the Issuer or another person, in each case as a result of the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority with respect to the Issuer, nor (ii) the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority with respect to such Notes, will constitute an Event of Default or default under the Indenture or such Notes or otherwise constitute non-performance of a contractual obligation, or entitle the holders of such Notes to any remedies, which are expressly waived. See “—*Agreement with Respect to the Exercise of the Spanish Bail-in Power*”. In addition, no repayment or payment of Amounts Due on the Notes will become due and payable or be paid after the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority if, and to the extent that, such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise.

If an Event of Default with respect to the Notes of a series at the time outstanding occurs and is continuing, then the principal of such outstanding Notes will be deemed to have been declared, and will become, immediately and automatically, due and payable. For the avoidance of doubt, only an Event of Default (rather than any breach or default under the Indenture or the Notes, such as the failure to pay interest or principal on the Notes) may give rise to such a declaration of acceleration.

At any time after such a declaration of acceleration with respect to the Notes of a series has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as provided in the Indenture, the holders of not less than a majority in principal amount of the outstanding Notes of such series may by Act, rescind and annul such declaration and its consequences if:

1. the Issuer has paid or deposited with the Trustee a sum of money sufficient to pay:
  - (A) all overdue installments of any interest on and Additional Amounts with respect to all Notes of such series;
  - (B) the principal of and any premium on any Notes of such series which have become due otherwise than by such declaration of acceleration and interest thereon and any Additional Amounts with respect thereto at the rate or rates borne by or provided for in such Notes;
  - (C) to the extent that payment of such interest or Additional Amounts is lawful, interest upon overdue installments of any interest and Additional Amounts at the rate or rates borne by or provided for in such Notes; and
  - (D) all sums paid or advanced by the Trustee under the Indenture and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel and all other amounts due to the Trustee under the Indenture; and
2. the Event of Default with respect to the Notes of such series shall have been cured or waived as provided in the Indenture.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

Subject to the payment of certain amounts due to the Trustee (as set forth in prong 1.(D) in the second immediately preceding paragraph), the holders of not less than a majority in principal amount of the outstanding Notes of a series on behalf of the holders of all the Notes of such series may, by Act, waive any past default under the Indenture (with respect to such Notes) and such Notes and its consequences, except a default in the payment of the principal of or any premium, or interest on, or any Additional Amounts with respect to, any Note of such series or in respect of a covenant or provision of the Indenture that cannot be modified or amended without the consent of the holder of each outstanding Note of such series.

No holder of any Note of any series has the right to institute any proceeding, judicial or otherwise, with respect to the Indenture, or for the appointment of a receiver or trustee, or for any other remedy thereunder, unless (i) such holder has previously given written notice to the Trustee of a continuing Event of Default with respect to the Notes of such series; (ii) the holders of not less than 25% in principal amount of the outstanding Notes of such series have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee under the Indenture with respect to such Notes and such holder or holders have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (iii) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and (iv) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the holders of a majority in principal amount of the outstanding Notes of such series.



Except as set forth in the immediately following paragraph, notwithstanding any other provision in the Indenture and the Notes of the relevant series, each holder of a Note will have the right, which is absolute and unconditional, to receive payment of the principal of, any premium and, subject to certain provisions in the Indenture with respect to payment of defaulted interest, interest on, and any Additional Amounts with respect to, such Note on or after the respective due dates therefor specified in such Note (or, in the case of redemption, on or after the redemption date) and to institute suit for the enforcement of any such payment, and such right cannot be impaired or affected without the consent of such holder, except that holders of not less than 75% in principal amount of the outstanding Notes of such series may consent by Act, on behalf of the holders of all outstanding Notes of such series, to the postponement of the due date of any installment of interest for a period not exceeding three years from the original due date of such installment (which original due date shall have been fixed, for the avoidance of doubt, prior to any previous postponements of such installment).

The Notes of any series may be subject to the exercise of the Spanish Bail-in Power, and no holder of any Note shall have any claim against the Issuer in connection with or arising out of any such exercise. No repayment or payment of Amounts Due on the Notes of any series will become due and payable or be paid after the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority if, and to the extent that, such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise. See “*Risk Factors—Risks Relating to the Notes—The Notes may be subject to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority. Other powers contained in Law 11/2015 and the SRM Regulation could materially affect your rights under, and the value of your investment in, the Notes*” and “*—Agreement with Respect to the Exercise of the Spanish Bail-in Power*”.

Within 90 days after the occurrence of any default under the Indenture known to the Trustee with respect to the Notes of a series, the Trustee shall transmit by mail to all holders of Notes of such series entitled to receive reports, notice of such default, unless such default shall have been cured or waived; *provided, however*, that the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors and/or responsible officers of the Trustee in good faith determine that the withholding of such notice is in the best interest of the holders of the Notes of such series. For the purpose of this paragraph, the term “default” means any event which is, or after notice or lapse of time or both would become, an Event of Default with respect to Notes of such series.

“**Act**” means any request, demand, authorization, direction, notice, consent, waiver or other action provided by or pursuant to the Indenture to be given or taken by holders of the Notes of a series and the written instrument or instruments in which such action is embodied and by which such action is evidenced.

### **Substitution and Modification**

Notwithstanding any other provision of the Notes or the Indenture, if an Eligible Liabilities Event occurs and is continuing with respect to any series of Notes, the Issuer may substitute all (but not less than all) of the Notes of such series or modify the terms of all (but not less than all) of the Notes of such series, without the consent or approval of the holders or beneficial owners of the Notes, so that the Notes are substituted by, or their terms are modified to, become again, or remain, Qualifying Securities, subject to: (i) having given not less than 30 nor more than 90 days’ notice to the holders of such Notes in accordance with the Indenture and to the Trustee (which notice shall be irrevocable and shall specify the date for substitution or, as applicable, modification); (ii) the prior consent of the Regulator, if required pursuant to Applicable Banking Regulations; and (iii) any variation in the terms of such Notes resulting from such modification or, if such Notes are substituted, any difference between the terms of the Notes and those of the Qualifying Securities by which such Notes are substituted, not being materially prejudicial to the interests of the holders of such Notes and the Issuer having delivered an officer’s certificate to the Trustee to that effect not less than five Business Days prior to (a) in the case of a substitution of the Notes, the Issue Date of the relevant Qualifying Securities by which the Notes are substituted or (b) in the case of a modification of the terms and conditions of the Notes, the date such modification becomes effective.

In the case of a modification of the terms and conditions of the Notes of a series, any variation in the ranking of such Notes resulting from any such modification or, in the case of a substitution of the Notes, any difference between the ranking of the Notes and that of the Qualifying Securities by which the Notes are substituted, shall be deemed not to be prejudicial to the interests of the holders of such Notes where the ranking of the Notes or, if the Notes are substituted, of the Qualifying Securities by which the Notes are substituted, following such substitution or modification, as the case may be, is at least the same ranking as was applicable to the Notes of such series on their Issue Date.

If the Notes of a series are substituted in accordance with the paragraphs set forth above, the Notes of such series will cease to bear interest from (and including) the date of such substitution.

By its acquisition of any Note or any beneficial interest therein, each holder and beneficial owner of Notes, (i) acknowledges, accepts, consents to and agrees to be bound by the substitution of or modification to the terms of the Notes as set forth above and to grant to the Issuer and the Trustee full power and authority to take any action and/or to execute and deliver any document in the name and/or on behalf of such holder or beneficial owner, as the case may be, which is necessary or convenient to complete the substitution of or modification to the terms of the Notes, as applicable; and (ii) to the extent permitted by the Trust Indenture Act, waives any and all claims, in law and/or in equity, against the Trustee and/or the Issuer for, agrees not to initiate a suit against the Trustee and/or the Issuer in respect of, and agrees that neither the Trustee nor the Issuer shall be liable for, any action that the Trustee or the Issuer takes, or abstains from taking, in either case in connection with the substitution of or modification to the terms of the Notes upon the occurrence of an Eligible Liabilities Event.

## **Outstanding Notes**

Among other provisions, in determining whether the holders of the requisite principal amount of outstanding Notes of a series have given any request, demand, authorization, direction, notice, consent or waiver under the Notes of such series or the Indenture, any Note of such series owned by the Issuer or any other obligor upon such Notes or any affiliate of the Issuer or such other obligor (if any such Notes are so owned), will be deemed not to be outstanding. In addition, the portion of the principal amount of an original issue discount Note (if any) of such series that will be deemed outstanding will be the amount that would be declared due and payable as of the date of determination.

## **Modifications and Waivers**

### ***Modification of the Indenture with Consent of Holders***

With the consent, as evidenced in an Act or Acts, as the case may be, of the holders of not less than a majority in principal amount of the Notes of each series outstanding immediately prior thereto affected thereby, voting as a class, the Issuer and the Trustee may enter into an indenture or indentures supplemental to the Indenture for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or the Notes of such series or of modifying in any manner the rights of the holders of the Notes of such series under the Indenture and of waiving future compliance with respect to the Indenture and the Notes of such series; *provided, however*, that no such supplemental indenture, without the consent of the holder of each Note outstanding immediately prior thereto affected thereby, shall:

- change the stated maturity of the principal of, or any premium or installment of interest on, or any Additional Amounts with respect to, any such Note, or reduce the principal amount thereof or the rate of interest thereon (except that holders of not less than 75% in principal amount of the outstanding Notes of a series may consent by Act, on behalf of the holders of all of the outstanding Notes of such series, to the postponement of the due date of any installment of interest for a period not exceeding three years from the original due date of such installment (which original due date shall have been fixed, for the avoidance of doubt, prior to any previous postponements of such installment)) or any Additional Amounts with respect thereto;
- change any premium payable upon the redemption of such Notes or otherwise;
- change the obligation of the Issuer to pay Additional Amounts;
- reduce the amount of the principal of an original issue discount Note (if any) that would be due and payable upon a declaration of acceleration of the maturity of the Note (following an Event of Default) or the amount thereof provable in bankruptcy;
- change the redemption provisions;
- change the place of payment or currency in which the payment of principal, any premium, interest or any Additional Amounts is payable;
- impair the right to take legal action to enforce the payment when due of principal, any premium, interest or any Additional Amounts with respect to the Notes;
- reduce the percentage in principal amount of outstanding Notes of a series the consent of whose holders is required for any supplemental indenture or to waive compliance with, or defaults under, the Indenture or reduce the requirement for a quorum or voting;

- modify the provisions of the Indenture that govern modification thereof with the consent of holders or give waivers of past defaults, and the consequences of such defaults, except to increase the percentage of outstanding Notes the consent of whose holders is required to modify and amend such Indenture or to give any such waiver and except to provide that additional provisions of the Indenture cannot be modified or waived without the consent of each holder of Notes affected thereby; or
- change in any manner adverse to the interests of the holders of outstanding Notes the terms and conditions of the obligations of the Issuer in respect of the due and punctual payment of principal, premium or interest (including Additional Amounts), if any, thereon;

except in each case with respect to any modification or amendment of the Indenture or the Notes which is entered into pursuant to, and in accordance with, the provisions described below under “—*Modification of the Indenture without Consent of Holders*” (in which each such case neither the consent nor the affirmative vote of any holder of any Note affected will be required).

Subject to the payment of certain amounts due to the Trustee, the holders of not less than a majority in principal amount of the outstanding Notes of a series on behalf of the holders of all the Notes of such series may, by Act, waive any past default under the Indenture (with respect to such Notes) and such Notes and its consequences, except a default in the payment of the principal of or any premium, or interest on, or any Additional Amounts with respect to, any Note of such series or in respect of a covenant or provision of the Indenture that cannot be modified or amended without the consent of the holder of each outstanding Note of such series.

#### ***Modification of the Indenture without Consent of Holders***

The Issuer and the Trustee may modify and amend the Indenture without the consent of the holders of the Notes of a series to:

- evidence the succession of another person to the Issuer, and the assumption by any such successor of the covenants of the Issuer in such Indenture and in any Notes of such series;
- add to the covenants of the Issuer for the benefit of the holders of Notes of all or any series or to surrender any right or power conferred upon the Issuer under the Indenture, *provided* that such Notes do not cease to be fully eligible for inclusion in the Eligible Liabilities Amount as a result thereof and subject further to compliance with the Applicable Banking Regulations;
- establish the form or terms of the securities of any new series;
- evidence and provide for the acceptance of appointment by a successor trustee with respect to the Notes of one or more series and to add to or change any of the provisions of the Indenture as is necessary to provide for or facilitate the administration of the trusts by more than one trustee under the Indenture;
- cure any ambiguity or correct or supplement any defect or inconsistency in such Indenture, or make any other provisions with respect to matters or questions arising under the Indenture which do not adversely affect the interests of the holders of the Notes of any series in any material respect;
- add to, delete from or revise the conditions, limitations and restrictions on the terms or purposes of issue, authentication and delivery of Notes;
- supplement any of the provisions of the Indenture to such extent as shall be necessary to permit the discharge of any series of Notes, *provided* such action does not adversely affect the interests of any holders of Notes of any series in any material respect;
- add any additional events of default for the benefit of the holders of Notes of any series;
- secure any Notes, *provided* that no such Note ceases to be fully eligible for inclusion in the Eligible Liabilities Amount as a result thereof and subject further to compliance with the Applicable Banking Regulations;
- delete, amend or supplement any provision of the Indenture *provided* such actions do not materially adversely affect the interests of the holders of Notes outstanding immediately prior thereto;
- delete, amend or supplement any provision of the Indenture or the Notes as a result of, and to the extent necessary to effect, the substitution or modification of any Notes for the purposes of becoming again or remaining Qualifying Securities; or

- delete, amend or supplement any provision of the Indenture or the Notes as a result of, and to the extent required by, the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority.

### **Satisfaction and Discharge**

Subject to compliance with the Applicable Banking Regulations and, if required, the prior consent of the Regulator, the Issuer may discharge certain obligations to holders of Notes of any series that have not already been delivered to the Trustee for cancellation and that have become due and payable by depositing or causing to be deposited with the Trustee, in trust, funds in an amount sufficient to pay and discharge the entire indebtedness on such Notes, including principal, interest, premium and any Additional Amounts to the date of such deposit. In addition, upon the exercise of the Spanish Bail-in Power with respect to a series of Notes which results in the redemption, cancellation, or the conversion into other securities, of all the Amounts Due on the Notes of such series or such Notes otherwise ceasing to be outstanding, the Indenture shall be deemed satisfied and discharged as to such series of Notes and such Notes shall thereafter be deemed to be not outstanding.

The Notes will not be subject to legal defeasance or covenant defeasance, as each are described in the accompanying prospectus.

### **Consolidation, Merger and Conveyance of Assets; Assumption**

Nothing contained in the Indenture or in any of the Notes shall prevent any reconstruction, consolidation, amalgamation or merger of the Issuer with or into any other person or persons (whether or not affiliated with the Issuer), or successive reconstructions, consolidations, amalgamations or mergers in which the Issuer or the successor or successors of the Issuer shall be a party or parties, or shall prevent any sale, transfer, conveyance or lease of the property of the Issuer as an entirety or substantially as an entirety, to any other person (whether or not affiliated with the Issuer); *provided that* any person formed by any reconstruction, consolidation, amalgamation or merger, or any transferee or lessee of the Issuer's assets shall expressly (except where such assumption is automatic by operation of law) assume the due and punctual payment of the principal of (and premium, if any), interest and Additional Amounts, if any, on the Notes in accordance with the provisions thereof and the Indenture, and the performance of every covenant of the Indenture on the part of the Issuer to be performed or observed.

In addition, any holding company or wholly-owned subsidiary of the Issuer may assume the Issuer's obligations under the Notes of any series without the consent of any holder of Notes, provided that certain conditions are satisfied, including that, immediately prior to such assumption, the successor person has ratings for long-term senior debt assigned by Standard & Poor's Ratings Services or Moody's Investors Service, Inc. (or their respective successors) which are the same as, or higher than, the credit rating for long-term senior debt of the Issuer (or, if applicable, the previous successor person) assigned by Standard & Poor's Ratings Services or Moody's Investors Service, Inc. (or their respective successors).

In the event of any reconstruction, consolidation, amalgamation, merger, sale, transfer, conveyance or lease, or any assumption of obligations under the Notes of a series permitted by the Indenture, the acquiring, resulting or successor person, as the case may be, shall succeed to, and substitute, and may exercise every right and power of, the Issuer under the Indenture with respect to any such Notes with the same effect as if such person had been named as the Issuer in the Indenture, and the Issuer or any legal and valid successor person which shall theretofore have become such in the manner prescribed in the Indenture, shall be released from all liability as obligor and any other obligations and covenants under the Indenture and under any such Notes, as the case may be.

In the event the acquiring, resulting or successor person is not incorporated or tax resident in Spain, Additional Amounts under the Notes will thereafter be payable in respect of taxes imposed by the acquiring, resulting or successor person's jurisdiction of incorporation or tax residence (subject to exceptions equivalent to those that apply to the obligation to pay Additional Amounts for taxes imposed by the laws of Spain) rather than taxes imposed by Spain. In addition, such acquiring, resulting or successor person not incorporated or tax resident in Spain will be entitled to redeem the Notes in the circumstances described in the first paragraph of "*—Redemption—Early Redemption for Taxation or Listing Reasons*" upon any change in or any amendment to the laws or regulations of such acquiring, resulting or successor person's jurisdiction of incorporation or tax residence (including any treaty to which it is a party) or any political subdivision or any authority or agency thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, provided that the relevant change, amendment, application or interpretation has become effective

subsequent to the date of the reconstruction, consolidation, amalgamation, merger, sale, transfer, conveyance, lease or assumption, as the case may be.

*An assumption of the obligations of the Issuer under the Notes might be considered for U.S. federal income tax purposes to be a deemed exchange by the U.S. beneficial owners of the Notes for new notes, which may result in recognition of taxable gain or loss for these purposes and possible other adverse U.S. tax consequences for such beneficial owners. U.S. beneficial owners of Notes should consult their tax advisors regarding the U.S. federal, state and local income tax consequences of an assumption.*

### **The Trustee**

The Bank of New York Mellon, the Trustee currently appointed pursuant to the Indenture, has its principal corporate trust office located at 240 Greenwich Street, New York, NY 10286 and the Indenture will be administered by The Bank of New York Mellon acting (except with respect to its role as security registrar) through its London Branch at One Canada Square, London E14 5AL, United Kingdom or such other location as notified by the Trustee to the Issuer from time to time. The Trustee and any trustee appointed pursuant to the Indenture shall have and be subject to all the duties and responsibilities specified with respect to an indenture trustee under the Trust Indenture Act.

The Issuer's obligation to indemnify the Trustee in accordance with the Indenture shall survive the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority with respect to any Notes.

By its acquisition of any Notes issued hereunder, each holder of Notes, to the extent permitted by the Trust Indenture Act, waives any and all claims, in law and/or in equity, against the Trustee for, agrees not to initiate a suit against the Trustee in respect of, and agrees that the Trustee shall not be liable for, any action that the Trustee takes, or abstains from taking, in either case in accordance with the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority with respect to any Notes. Additionally, by its acquisition of any Notes issued hereunder, each holder thereof acknowledges and agrees that, upon the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority with respect to the Notes of any series, (i) the Trustee shall not be required to take any further directions from holders with respect to any portion of the Notes of such series that is written down, converted to equity and/or cancelled under the provision of the Indenture which authorizes holders of a majority in aggregate outstanding principal amount of the Notes to direct certain actions relating to the Notes; and (ii) the Indenture shall not impose any duties upon the Trustee whatsoever with respect to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority with respect to such Notes.

Notwithstanding the foregoing, if, following the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority with respect to any series of Notes, any Notes of such series remain outstanding (for example, if such exercise results in only a partial write-down of the principal amount of the Notes of such series), then there shall at all times be a trustee for the Notes of such series in accordance with the Indenture, and the resignation and/or removal of the Trustee and the appointment of a successor trustee shall continue to be governed by the Indenture, including to the extent no additional supplemental indenture or amendment is agreed between the Issuer and the Trustee following the completion of the exercise of the Spanish Bail-in Power.

Subject to the provisions of the Trust Indenture Act, the Trustee is under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request of any holder of Notes, unless such holders have offered to the Trustee reasonable security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred thereby.

The Issuer and some of its subsidiaries maintain deposits with and conduct other banking transactions with The Bank of New York Mellon in the ordinary course of business.

### **Successor Trustees**

The Trustee may resign or be removed by holders of a majority in principal amount of Notes at any time, effective upon the acceptance by a successor Trustee of the respective appointment. The Indenture provides that any successor Trustee will have a combined capital and surplus of not less than \$50,000,000 and shall be a corporation, association, company or business trust organized and doing business under the laws of the United States or any of its states or territories or the District of Columbia and in good standing. No person shall accept its appointment as a successor Trustee with respect to the Notes unless at the time of such acceptance such successor Trustee shall be qualified and eligible under the Indenture.



## **Repayment of Funds**

All monies paid by the Issuer to the Trustee or the Paying Agent for payment of principal, premium or interest and any Additional Amounts on any Notes which remain unclaimed at the end of two years after that payment has become due and payable will be paid to the Issuer, on the Issuer's request, and all liability of the Trustee or the Paying Agent related to it will cease, and, if permitted by law, the holder of the applicable Note will look only to the Issuer for any payment which such holder may be entitled to collect.

## **Prescription**

All claims against the Issuer for payment of principal, premium, interest or Additional Amounts on or in respect of any Notes will become void unless made within the earlier of (i) six years or (ii) any applicable shorter period provided for under New York law, starting from the later of the date on which that payment first became due and the date on which the full amount was received by the Trustee or the Paying Agent.

## **Governing Law**

The Notes and the Indenture shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements made or instruments entered into and, in each case, performed in said state, except that the authorization and execution by the Issuer of the Indenture and the authorization, issuance and execution of the Notes by the Issuer shall be governed by and construed in accordance with the common laws of Spain. In addition, certain provisions of the Notes and the Indenture related to the status and ranking of the Notes, the waiver of the right of set-off and the agreement by holders of Notes with respect to the exercise and effects of the Spanish Bail-in Power shall be governed by and construed in accordance with the common laws of Spain.

## **Submission to Jurisdiction**

Except as provided in the paragraph immediately below, the Issuer irrevocably submits to the non-exclusive jurisdiction of any U.S. federal or state court in the Borough of Manhattan, The City of New York, New York, in any suit or proceeding arising out of or relating to the Indenture or the Notes and irrevocably waives, to the extent it may effectively do so, any objection which it may have now or hereafter to the laying of the venue of any such suit or proceeding.

Notwithstanding any other provision of the Notes or the Indenture, the Spanish courts shall have exclusive jurisdiction in respect of any Bail-in Dispute and accordingly each of the Issuer, the Trustee, each holder and beneficial owner of any Note and each paying agent, transfer agent, authenticating agent and security registrar submits, to the extent it may effectively do so, to the exclusive jurisdiction of the Spanish courts in relation to any Bail-in Dispute. Each of the Issuer, the Trustee, each holder and beneficial owner of any Notes and each paying agent, transfer agent, authenticating agent and security registrar further irrevocably waives, to the extent it may effectively do so, any objection to the Spanish courts on the grounds that they are an inconvenient or inappropriate forum in respect of any Bail-in Dispute.

## **Agreement with Respect to the Exercise of the Spanish Bail-in Power**

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

“**Amounts Due**”, with respect to the Notes of a series, means the principal amount of or outstanding amount (if applicable), together with any accrued but unpaid interest, Additional Amounts and premium (if any) due on the Notes of such series. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority. References to such amounts will also include amounts held in trust by the Issuer, any paying agent or the Trustee pursuant to the Indenture.

By its acquisition of any Notes, each holder thereof acknowledges and agrees that neither a reduction or cancellation, in part or in full, of the Amounts Due on the Notes of any series, or the conversion thereof into another security or obligation of the Issuer or another person, in each case as a result of the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority with respect to the Issuer, nor the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority with respect to the Notes of any series, shall: (i) give rise to a default or event of default for purposes of Section 315(b) (Notice of Defaults) and Section 315(c) (Duties of the Trustee in Case of Default) of the Trust Indenture Act or (ii) be a default or an Event of Default with respect to the Notes of any series or under the Indenture. By its acquisition of any Notes, each holder of Notes further acknowledges and agrees that no repayment or payment of Amounts Due on the Notes will become due and payable or be paid after the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority if, and to the extent that, such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise.

By its acquisition of any Notes, each holder of Notes, to the extent permitted by the Trust Indenture Act, waives any and all claims, in law and/or in equity, against the Trustee for, agrees not to initiate a suit against the Trustee in respect of, and agrees that the Trustee will not be liable for, any action that the Trustee takes, or abstains from taking, in either case in accordance with the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority with respect to the Notes of any series. Additionally, by its acquisition of any Notes, each holder of Notes acknowledges and agrees that, upon the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority with respect to the Notes of any series: (i) the Trustee will not be required to take any further directions from the holders of Notes with respect to any portion of the Notes that is written down, converted to equity and/or cancelled under the Indenture; and (ii) the Indenture will not impose any duties upon the Trustee whatsoever with respect to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority; *provided, however*, that notwithstanding the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority with respect to the Notes of any a series, so long as any Notes of such series remain outstanding, there will at all times be a trustee for the Notes of such series in accordance with the Indenture, and the resignation and/or removal of the Trustee and the appointment of a successor trustee will continue to be governed by the Indenture, including to the extent no additional supplemental indenture or amendment is agreed upon in the event the Notes of such series remain outstanding following the completion of the exercise of the Spanish Bail-in Power.

By its acquisition of any Notes, each holder of Notes further agrees to be deemed to have authorized, directed and requested DTC and any direct participant in DTC or other intermediary through which it holds such Notes to take any and all necessary actions, if required, to implement the exercise of the Spanish Bail-in Power with respect to such Notes as it may be imposed, without any further action or direction on the part of such holder of Notes.

Upon the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority with respect to the Notes of a series, the Issuer or the Relevant Spanish Resolution Authority (as the case may be) will provide a written notice to DTC as soon as practicable regarding such exercise of the Spanish Bail-in Power for purposes of notifying the holders of the Notes of such series. The Issuer will also deliver a copy of such notice to the Trustee for information purposes.

See “*Risk Factors—Risks Relating to the Notes—The Notes may be subject to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority. Other powers contained in Law 11/2015 and the SRM Regulation could materially affect your rights under, and the value of your investment in, the Notes*”.

#### ***Subsequent Holders’ Agreement***

Holders of any Notes that acquire such Notes in the secondary market or otherwise shall be deemed to acknowledge and agree to be bound by and consent to the same provisions specified herein and in the Indenture to the same extent as the holders that acquire such Notes upon their initial issuance, including, without limitation, with respect to the acknowledgement and agreement to be bound by and consent to the terms of the Notes related

to the exercise and effects of the Spanish Bail-in Power set forth under “—*Agreement with Respect to the Exercise of the Spanish Bail-in Power*”.

### **Purchases of the Notes**

The Issuer or any of its subsidiaries may at any time purchase the Notes at any price in the open market or otherwise (subject to such purchase being in compliance with Applicable Banking Regulations then in force, and subject to the prior consent of the Regulator if required pursuant to such regulations). Purchased Notes may be held, resold or, at the option of the Issuer, surrendered to the Trustee for cancellation (subject to such holding, resale or cancellation being in compliance with Applicable Banking Regulations).

### **Listing**

The Issuer intends to apply to list the Notes of each series on the New York Stock Exchange and, if approved, trading is expected to commence within 30 days after the initial delivery of the Notes.

### **Maintenance of Tax Procedures**

The Indenture will provide for the timely provision by the Paying Agent of a duly executed and completed Payment Statement in connection with each payment of income (as defined below) under the Notes, and set forth certain procedures agreed by the Issuer and the Paying Agent which aim to facilitate such process, along with a form of the Payment Statement to be used by the Paying Agent. For these purposes, “**income**” means interest paid on an Interest Payment Date or the amount of the difference, if any, between the aggregate Redemption Price paid upon the redemption of the Notes (or a portion thereof) and the aggregate principal amount of such Notes (other than in the event of a Redemption for Failure to List), as applicable. In addition, the Issuer will agree to, so long as any principal amount of such Notes remains outstanding and insofar as it is practicable, maintain, implement or arrange for the implementation of procedures to facilitate the timely provision of a duly executed and completed Payment Statement in connection with each payment of income under such Notes or the collection of any other documentation concerning such Notes or the beneficial owners thereof that may be required under Spanish law for payments on such Notes not to be subject to Spanish withholding tax.

If the Paying Agent fails to deliver a duly executed and completed Payment Statement on a timely basis, in respect of an Interest Payment Date or in connection with a redemption of the Notes of a series (other than in the event of a Redemption for Failure to List), then the related payment will be subject to Spanish withholding tax, currently at the rate of 19%. If this were to occur, the Issuer would not pay Additional Amounts and owners of a beneficial interest in the Notes would have to follow the Direct Refund from Spanish Tax Authorities Procedures set forth in Annex A to this prospectus supplement in order to apply directly to the Spanish tax authorities for any refund to which they may be entitled.

### **Notices**

All notices to holders of Notes shall be validly given if in writing and mailed first-class postage prepaid to them at their respective addresses in the register maintained by the security registrar. While the Notes are in global form, any notice given to the holder of a Note shall be sufficiently given if such notice is given to such holder through DTC, in accordance with DTC’s applicable procedures from time to time.

## SPANISH TAX CONSIDERATIONS

The following is a general description of certain Spanish tax considerations relating to the Notes. The information provided below does not purport to be a complete analysis of the tax law and practice currently applicable in Spain and does not purport to address the tax consequences applicable to all categories of investors, some of which may be subject to special rules. Prospective purchasers of the Notes are advised to consult their own tax advisers as to the tax consequences, including those under the tax laws of the country of which they are resident, of purchasing, owning and disposing of Notes. The summary set out below is based upon Spanish law as in effect on the date of this prospectus supplement and is subject to any change in such law that may take effect after such date. References in this section to holders include the beneficial owners of the Notes. The statements regarding Spanish law and practice set forth below assume that the Notes will be issued, and transfers thereof will be made, in accordance with the Spanish law.

### **Acquisition of the Notes**

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

### **Taxation on the income and transfer of the Notes**

The tax treatment of the acquisition, holding and subsequent transfer of the Notes is summarized below and is based on the tax regime applicable to the Notes pursuant to Royal Legislative Decree 5/2004 of March 5, 2004, approving the consolidated text of the Non-Resident Income Tax Law (*Impuesto sobre la Renta de los no Residentes*) as amended (the “**Non-Resident Income Tax Law**”), Law 27/2014 of November 27, on Corporate Income Tax (*Impuesto sobre Sociedades*) (the “**Corporate Income Tax Law**”), Law 35/2006 of November 28, 2006 concerning Personal Income Tax (*Impuesto sobre la Renta de las Personas Físicas*) as amended (the “**Individuals Income Tax Law**”), Law 19/1991 of June 6, 1991 approving the Wealth Tax Law (*Impuesto sobre el Patrimonio*) and Law 29/1987 of December 18, 1987, approving the Inheritance and Gift Tax Law (*Impuesto sobre Sucesiones y Donaciones*).

The summary below also considers the rules for the implementation of such regulations (Royal Decree 1776/2004 of July 30, 2004, approving the Non-Resident Income Tax Regulations, as amended, Royal Decree 439/2007 of March 30, 2007, approving the Individual Income Tax Regulations, as amended and Royal Decree 634/2015 of July 30, 2004, approving the Corporate Income Tax Regulations).

The Spanish government is considering the introduction of specific tax measures that may modify the taxation described herein. There measures may include, inter alia, the following amendments:

- (i) Personal Income Tax: An increase of the tax rates applicable to dividends, interest and income and capital gains derived from the transfer of the debt securities or ordinary shares.
- (ii) Net Wealth tax: A 1% increase in the Net Wealth Tax rate applicable to individuals whose net worth exceeds €10 million.
- (iii) Corporate Income Tax: The Spanish participation exemption may be modified from a full exemption to a 95% exemption. In addition, a potential minimum 15% tax rate (18% for, e.g., credit entities) may also be introduced under specific conditions.

These measures have not yet been passed and it is not clear if (or how) they might ultimately be approved.

Additionally, the summary below considers Spanish legislation relating to the issuance of preferred securities and debt securities issued by Spanish financial and non-financial listed entities, either directly or through a subsidiary (Law 10/2014, as amended), and Royal Decree 1065/2007 (as amended by Royal Decree 1145/2011), approving the General Regulations relating to tax inspection and management procedures and developing a common set of procedures for tax application.

For these purposes, “income” means interest paid on an Interest Payment Date or the amount of the difference, if any, between the aggregate Redemption Price paid upon the redemption of the Notes of a series (or a portion thereof) and the aggregate principal amount of such Notes (other than in the event of a Redemption for Failure to List).

### ***Income obtained by holders who are Non-Resident Income Taxpayers in Spain in respect of the Notes***

Income obtained by holders (individuals or entities) who are Non-Resident Income Taxpayers, both in respect of interest and in connection with the transfer, repayment or redemption of the Notes, whether or not acting through a permanent establishment, shall be considered Spanish source income and therefore subject to taxation in Spain under the Non-Resident Income Tax Law, without prejudice to the provisions contained in any applicable tax treaty for the avoidance of double taxation (DTT).

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

Income obtained by holders who are not tax resident in Spain and are not acting for these purposes through a permanent establishment in Spain are subject to, but exempt from, Non-Resident Income Tax (see “—Compliance with Certain Requirements in Connection with Income Payments”).

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

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

Income obtained by non-Spanish tax resident holders acting through a permanent establishment in Spain in respect of the Notes will be taxed under the rules provided by Chapter III of the Non-Resident Income Tax Law. These holders will be subject to taxation substantially in the same manner as Spanish Corporate Income Tax taxpayers and, therefore, their income shall be treated as taxable income in accordance with the general rules set out in the Corporate Income Tax Law and will therefore be taxed at the applicable rate (currently 25%).

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

For withholding on income derived from payment of interest, redemption or repayment (other than a redemption for failure to list) of the Notes see “—Compliance with Certain Requirements in Connection with Income Payments”.

Notwithstanding the above, amounts withheld, if any, may be credited by the relevant holder against its final Corporate Income Tax or Non-Resident Income Tax liability (as applicable).

### ***Individuals with tax residency in Spain***

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

The aforementioned income is generally subject to the corresponding personal income tax withholding at the applicable tax rate (currently 19%). However, article 44 of the Royal Decree 1065/2007 established information procedures for debt instruments issued under the Law 10/2014 (which do not require identification of the holders) and has provided that the interest will be paid by the relevant Issuer to the Paying Agent for the whole amount, provided that such information procedures are complied with.

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

The Issuer considers that, according to Royal Decree 1065/2007, it is not obliged to withhold any tax amount provided that the simplified information procedures (which do not require identification of the holders) are complied with by the Paying Agent as it is described in “—Compliance with Certain Requirements in Connection with Income Payments”.



Notwithstanding the above, amounts withheld, if any, may be credited by the relevant holder against its Personal Income Tax liability.

### **Wealth Tax**

Individuals with tax residency in Spain are subject to Wealth Tax to the extent that their net worth exceeds €700,000 (subject to any exceptions provided under relevant legislation in an Autonomous Region (*Comunidad Autónoma*)). Therefore, they should take into account the value of the Notes which they hold as of December 31 each year, the applicable rates ranging between 0.2% and 2.5% although the final tax rates may vary depending on any applicable regional tax laws, and some reductions may apply.

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

In accordance with article 3 of Royal Decree-Law 18/2019, of December 27, a full exemption (*bonificación del 100%*) on Wealth Tax will apply in 2021 and onwards, unless the exemption is postponed or revoked.

As a consequence of the European Court of Justice Judgment (Case C-127/12), the Wealth Tax Law has been amended by Law 26/2014, of November 27. As a result, non-Spanish tax resident individuals who are residents in the EU or in the EEA can apply the legislation of the region in which the highest value of the assets and rights of the individuals are located.

Legal entities are not subject to Wealth Tax.

### **Inheritance and Gift Tax**

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

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

However, the Judgment from the European Court of Justice dated September 3, 2014 has declared that Spanish Inheritance and Gift Tax Law is against the principle of free movement of capital within the EU as the Spanish residents are granted tax benefits that, in practice, allow them to pay much lower taxes than non-residents. According to Law 26/2014, of November 27, it will be possible to apply tax benefits approved in some Spanish regions to residents either in the EU or in the EEA following specific rules.

Moreover, the Spanish Supreme Court, in its judgments dated February 19, 2018, March 21, 2018 and March 22, 2018, has declared that the application of State regulations when the deceased, heir or donee is resident outside of a Member State of the EU or the EEA violates EU law relating to the free movement of capital, so even in that case it would be appropriate to defend the application of regional regulations in the same manner as if the deceased, heir or donee was resident in a Member State of the EU or the EEA. The Directorate General for Taxation has recently ruled in accordance with those judgements (tax rulings V3151-18 and V3193-18).

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

### **Compliance with Certain Requirements in Connection with Income Payments**

In accordance with sub-section 5 of Section 44 of Royal Decree 1065/2007, as amended by Royal Decree 1145/2011, income derived from securities originally registered with the entities that manage clearing systems located outside Spain, that are recognized by Spanish Law or by the Law of another OECD country

(such as DTC) will not be subject to Spanish withholding tax provided a duly executed and completed Payment Statement is submitted to the Issuer by the Paying Agent at the time of each relevant payment date. In accordance with the form attached as Annex to Royal Decree 1065/2007, the Payment Statement shall include the following information:

- a) Identification of the Notes;
- b) Payment date;
- c) Total amount of income to be paid on the relevant payment date; and
- d) Total amount of income corresponding to Notes held through each clearing system located outside Spain (such as DTC).

The Supplemental Indentures will, among other things, provide for the timely provision by the Paying Agent of a duly executed and completed Payment Statement in connection with each payment of income under the Notes and set forth certain procedures agreed by the Issuer and the Paying Agent which aim to facilitate such process, along with a form of the Payment Statement to be used by the Paying Agent. See “*Certain Terms of the Notes—Maintenance of Tax Procedures*”.

In addition to the timely provision of a duly executed and completed Payment Statement, the Notes must be admitted to listing on a regulated market, multilateral trading facility or other organized secondary market in order for payments on Notes to not be subject to Spanish withholding tax.

If the Paying Agent fails to deliver a duly executed and completed Payment Statement on a timely basis, in respect of an Interest Payment Date or in connection with a redemption of Notes (other than in the event of a Redemption for Failure to List), then the related payment will be subject to Spanish withholding tax, currently at the rate of 19%. If this were to occur, the Issuer would not pay Additional Amounts and owners of a beneficial interest in the Notes would have to follow the Direct Refund from Spanish Tax Authorities Procedures set forth in Annex A to this prospectus supplement in order to apply directly to the Spanish tax authorities for any refund to which they may be entitled.

#### ***Proposed Financial Transaction Tax***

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

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

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

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

On July 30, 2020, a draft bill (the “**Draft Bill**”) proposing a Spanish Financial Transactions Tax on the transfer of securities (“**Spanish FTT**”) was approved by the Spanish Congress of Deputies. If the Draft Bill is finally approved in its current form, the proposed Spanish FTT would impose a charge of 0.2% on certain acquisitions of listed shares issued by Spanish companies whose market capitalization exceeds €1 billion, regardless of the jurisdiction of residence of the parties involved in the transaction. However, the acquisition of the Notes would not under the Draft Bill be subject to the Spanish FTT.

The Draft Bill is still subject to a period of consultation and deliberation and its scope could change before it is approved. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT and the Spanish FTT.

## **U.S. FEDERAL TAX CONSIDERATIONS**

Please see the section of the accompanying prospectus entitled “*U.S. Tax Considerations*” for a discussion of U.S. federal income tax consequences of the ownership and disposition of the Notes to the U.S. holders described therein.

## UNDERWRITING (CONFLICTS OF INTEREST)

We and BBVA Securities Inc., BofA Securities, Inc., Credit Agricole Securities (USA) Inc., Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC and Wells Fargo Securities, LLC (each an “underwriter” and together the “underwriters”) have entered into an underwriting agreement and a pricing agreement with respect to the Notes. Subject to the terms and conditions set forth in the underwriting agreement, we have agreed to sell to the underwriters (other than BBVA Securities Inc.), and each underwriter (other than BBVA Securities Inc.) has agreed, severally and not jointly, to purchase from us, the respective principal amount of Notes set forth opposite its name below in the following table. In addition, subject to the terms and conditions set forth in the underwriting agreement, the underwriters (other than BBVA Securities Inc.) have agreed, severally and not jointly, to purchase from us, a pro rata portion of the principal amount of each series of Notes set forth opposite the name of BBVA Securities Inc. in the table below which have not been purchased by purchasers procured by BBVA Securities Inc.

<u>Underwriters</u>	<u>Principal Amount of 2023 Notes</u>	<u>Principal Amount of 2025 Notes</u>
BBVA Securities Inc.(1) .....	\$ 171,600,000	\$114,400,000
BofA Securities, Inc. ....	\$ 171,400,000	\$114,400,000
Credit Agricole Securities (USA) Inc. ....	\$ 171,400,000	\$114,400,000
Credit Suisse Securities (USA) LLC .....	\$ 171,400,000	\$114,200,000
J.P. Morgan Securities LLC .....	\$ 171,400,000	\$114,200,000
Morgan Stanley & Co. LLC .....	\$ 171,400,000	\$114,200,000
Wells Fargo Securities, LLC .....	\$ 171,400,000	\$114,200,000
<b>Total</b> .....	<b><u>\$1,200,000,000</u></b>	<b><u>\$800,000,000</u></b>

(1) BBVA Securities Inc. has agreed to use its reasonable best efforts to procure purchasers for the principal amount of Notes set forth opposite its name above.

We have agreed to indemnify the several underwriters and their controlling persons against certain liabilities in connection with this offering, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the Notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the Notes of each series, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officer’s certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

### Commissions and Discounts

The Notes sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus supplement and may be offered to certain dealers at such initial public offering price less a selling concession not to exceed 0.12% and 0.15% of the principal amount of the 2023 Notes and the 2025 Notes, respectively. The underwriters may allow, and dealers may re-allow, a concession on sales to other dealers not to exceed 0.08% and 0.10% of the principal amount of the 2023 Notes and the 2025 Notes, respectively. If all the Notes are not sold at the initial public offering price, the underwriters may change the offering price and the other selling terms.

The expenses of the offering, not including the commissions payable to the underwriters, are estimated at \$1,300,000.

### New Issue of Notes

The Notes of each series are a new issue of securities with no established trading market. We have been advised by the underwriters that they presently intend to make a market in the Notes of each series after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure the liquidity of the trading market for the Notes of any series or that an active public market for the Notes of any series will develop. If an active public trading market for the Notes of a series does not develop, the market price and liquidity of the Notes of such series may be adversely affected. If the Notes of any series are traded, they may trade at a discount from their

initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

We intend to apply to list the Notes of each series on the New York Stock Exchange and, if approved, trading is expected to commence within 30 days after the initial delivery of the Notes.

### **Settlement**

We expect that delivery of the Notes will be made to investors on or about September 18, 2020, which will be the sixth New York business day following the date of this prospectus supplement (such settlement period being referred to as T+6).

Pursuant to Rule 15c6-1 under the Exchange Act, trades in the secondary market are generally required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes prior to the delivery of the Notes hereunder will be required to specify alternative settlement arrangements to prevent a failed settlement. Such purchasers should consult their own advisors.

The Notes will settle through the facilities of the DTC and its participants. The CUSIP number for the 2023 Notes is 05946K AH4, the ISIN is US05946KAH41 and the Common Code is 223321763. The CUSIP number for the 2025 Notes is 05946K AJ0, the ISIN is US05946KAJ07 and the Common Code is 222199972.

Certain of the underwriters may not be U.S. registered broker-dealers and accordingly will not effect any sales within the United States except in compliance with applicable U.S. laws and regulations, including the rules of FINRA.

### **No Sales of Similar Securities**

We have agreed that we will not, without the prior written consent of the representatives of the underwriters, offer, sell, contract to sell or otherwise dispose of, in the United States, any U.S. dollar-denominated debt securities issued by BBVA which are substantially similar to the Notes (other than the Notes), until the later of (i) the completion of the sale of the Notes by the underwriters (as determined by the representatives of the underwriters), but not more than 30 calendar days after the date of this prospectus supplement, and (ii) the settlement date of the Notes.

### **Short Positions**

In connection with the offering, the underwriters may purchase and sell Notes in the open market. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater principal amount of Notes than they are required to purchase in the offering. The underwriters must close out any short position by purchasing Notes in the open market. A short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the Notes in the open market after pricing that could adversely affect investors who purchase in the offering.

Similar to other purchase transactions, the underwriters' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the Notes of a series or preventing or retarding a decline in the market price of the Notes of a series. As a result, the price of the Notes of a series may be higher than the price that might otherwise exist in the open market.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither we nor any of the underwriters make any representation that the underwriters will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice. In addition, we have no control over whether the underwriters will engage in these transactions or certain transactions and other actions referred to under "*—Other Relationships*" below and, if the underwriters engage in them, we have no control over the direction or magnitude of any effect that any such transaction or action may have on the price of the Notes.



## Other Relationships

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. Certain of the underwriters or their affiliates that have a lending relationship with us routinely hedge and certain of the underwriters or their affiliates may hedge their credit exposure to us consistent with their customary risk management policies. Typically, such underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

In connection with the offering, the underwriters are not acting for anyone other than us and will not be responsible to anyone other than us for providing the protections afforded to their clients nor for providing advice in relation to the offering.

## Conflicts of Interest

BBVA Securities Inc., which is participating in this offering as Joint Bookrunner, is a wholly-owned subsidiary of the Issuer. Because of the foregoing, a “conflict of interest” is deemed to exist within the meaning of FINRA Rule 5121. Accordingly, this offering will be conducted in accordance with FINRA Rule 5121.

## Selling Restrictions

**The Notes are complex financial instruments and are not a suitable or appropriate investment for all investors. In particular, the Notes shall not be sold to retail investors in any jurisdiction, including the United States.**

In the United States, the Notes are intended to be sold only to institutional investors.

### *Prohibition of Sales to EEA and United Kingdom Retail Investors*

The Notes may not be offered, sold or otherwise made available to any retail investor in the EEA or in the United Kingdom. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
  - (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in the Prospectus Regulation; and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Investors in the EEA or in the United Kingdom should also refer to “*Notice to Investors—Selling Restrictions*”.

### *Restrictions on Acquisition of Notes by Spanish Residents*

The Notes may not be offered, distributed or sold in Spain in the primary market except to Spanish resident investors in circumstances that satisfy the requirements set forth in the ruling of the Directorate General for Taxation (*Dirección General de Tributos*) of July 27, 2004.

### ***United Kingdom***

Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of the Notes may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply to us.

All applicable provisions of the FSMA must be complied with in respect to anything done by any person in relation to the Notes in, from or otherwise involving the United Kingdom.

### ***Japan***

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) (the “**FIEL**”) on the ground that the solicitation for subscription of the Notes falls within the definition of “solicitation to qualified institutional investors” as defined in Article 2, paragraph 3, item 2 (I) of the FIEL. Such solicitation shall be subject to the condition that qualified institutional investors (as defined under the FIEL, “**QII**”) who acquired the Notes shall enter into an agreement which provides that it shall not transfer such interests to anyone other than another QII. Accordingly, the Notes have not been and will not be offered or sold, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to, or for the account or benefit of, others for re-offering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan, except for private placement pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan.

### ***Singapore***

This prospectus supplement and the accompanying prospectus have not been and will not be registered as a prospectus under the Securities and Futures Act (Chapter 289) of Singapore (the “**SFA**”) by the Monetary Authority of Singapore, and the offer of the Notes in Singapore is made primarily pursuant to the exemptions under Sections 274 and 275 of the SFA. Accordingly, this prospectus supplement and the accompanying prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor as defined in Section 4A of the SFA (an “**Institutional Investor**”) pursuant to Section 274 of the SFA, (ii) to an accredited investor as defined in Section 4A of the SFA (an “**Accredited Investor**”) or other relevant person as defined in Section 275(2) of the SFA (a “**Relevant Person**”) and pursuant to Section 275(1) of the SFA, or to any person pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with, the conditions of any other applicable exemption or provision of the SFA.

It is a condition of the offer that where the Notes are subscribed for or acquired pursuant to an offer made in reliance on Section 275 of the SFA by a Relevant Person which is:

- (a) a corporation (which is not an Accredited Investor), the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an Accredited Investor; or
- (b) a trust (where the trustee is not an Accredited Investor), the sole purpose of which is to hold investments and each beneficiary of the trust is an individual who is an Accredited Investor, then

the securities and securities-based derivatives contracts (each as defined in Section 2(1) of the SFA) of that corporation and the beneficiaries’ rights and interest (howsoever described) in that trust, shall not be transferred within six months after that corporation or that trust has subscribed for or acquired the Notes except:

- (i) to an Institutional Investor, an Accredited Investor, a Relevant Person, or which arises from an offer referred to in Section 275(1A) of the SFA (in the case of that corporation) or Section 276(4)(i)(B) of the SFA (in the case of that trust);
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;

- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 (the “**CMP Regulations 2018**”), the Issuer has determined the classification of the Notes as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

***Hong Kong***

The Notes may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) (“**Companies (Winding Up and Miscellaneous Provisions) Ordinance**”), or (ii) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (“**Securities and Futures Ordinance**”) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance; and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” in Hong Kong as defined in the Securities and Futures Ordinance and any rules made thereunder.

***Taiwan***

The Notes have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan and/or other regulatory authority or agency of Taiwan pursuant to relevant securities laws and regulations of Taiwan and may not be issued, offered or sold within Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan or relevant laws and regulations that requires a registration, filing or approval of the Financial Supervisory Commission of Taiwan and/or other regulatory authority or agency of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the Notes in Taiwan.

***Republic of Italy***

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* (CONSOB) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Prospectus Supplement or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*) as defined in Article 2 of Regulation (EU) No. 1129 of June 14, 2017 (the “**Prospectus Regulation**”) and Article 100 of Legislative Decree No. 58 of February 24, 1998, as amended from time to time (the “**Financial Services Act**”); or
- (ii) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation and any other applicable Italian laws and regulations.

Any offer, sale or delivery of the Notes or distribution of copies of this Prospectus Supplement or any other document relating to the Notes in the Republic of Italy under paragraph (i) or (ii) above must:

- (a) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of February 15, 2018 (as amended from time to time) and Legislative Decree No. 385 of September 1, 1993, as amended from time to time (the “**Banking Act**”), and any other applicable laws or regulations; and

- (b) comply with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the offering or issue of securities in Italy or by Italian persons outside of Italy; and be made in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy and/or any other competent authority.

### *Switzerland*

This prospectus supplement is not intended to constitute an offer or solicitation to purchase or invest in the Notes. The Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (“**FinSA**”) and no application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this prospectus supplement nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA, and neither this prospectus supplement nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

### *Canada*

The Notes may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus supplement (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (“**NI 33-105**”), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

### *People’s Republic of China (“PRC”)*

No Notes may be offered or sold, directly or indirectly, and neither this prospectus supplement nor any advertisement or other offering material may be distributed or published, in the PRC, except under circumstances that will result in compliance with any applicable laws and regulations. This prospectus supplement does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC to any person to whom it is unlawful to make the offer or solicitation in the PRC.

Investors in the PRC are responsible for obtaining all relevant government regulatory approvals/licenses, verification and/or registrations themselves, including, but not limited to, those which may be required by the China Securities Regulatory Commission, the State Administration of Foreign Exchange and/or the China Banking Regulatory Commission, and complying with all relevant PRC laws and regulations, including, but not limited to, all relevant foreign exchange regulations and/or securities investment regulations.

### *Other Jurisdictions outside the United States*

No action may be taken in any jurisdiction that would permit a public offering of the Notes or the possession, circulation or distribution of this prospectus supplement in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this prospectus supplement nor any other offering material or advertisements in connection with the Notes may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

## **VALIDITY OF THE SECURITIES**

The validity of the Notes and certain other matters of Spanish law will be passed upon for us by J&A Garrigues S.L.P., our Spanish counsel. Certain matters of U.S. federal and New York State law will be passed upon for us by Davis Polk & Wardwell LLP, our U.S. counsel. Certain matters will be passed upon for the underwriters by U.S. counsel for the underwriters, Sidley Austin LLP, and Spanish counsel for the underwriters, Linklaters, S.L.P.



## ANNEX A

### DIRECT REFUND FROM SPANISH TAX AUTHORITIES PROCEDURES

1. Beneficial owners entitled to receive income payments in respect of the Notes free of any Spanish withholding taxes or at a reduced rate as provided in the relevant tax treaty, but in respect of whom income payments have been made net of Spanish withholding tax at the general rate (currently 19%), may apply directly to the Spanish tax authorities for any refund to which they may be entitled, following the 20th calendar day of the month immediately following the relevant payment date.
2. Beneficial owners may claim the amount withheld from the Spanish Treasury within the first four years following the last day on which the Issuer may pay any amount so withheld to the Spanish Treasury (which is generally the 20th calendar day of the month immediately following the relevant payment date), by filing with the Spanish tax authorities (i) the relevant Spanish tax form; (ii) proof of beneficial ownership; and (iii) a certificate of residency issued by the tax authorities of the country of tax residence of such beneficial owner (in the case of a U.S. beneficial owner, a U.S. certificate of residency provided on IRS Form 6166), among other documents.



# Banco Bilbao Vizcaya Argentaria, S.A.

## Ordinary Shares

### American Depositary Shares, each representing one Ordinary Share

### Rights to Subscribe for Ordinary Shares

### Senior Debt Securities

### Senior Non-Preferred Debt Securities

### Subordinated Debt Securities

### Contingent Convertible Preferred Securities

Banco Bilbao Vizcaya Argentaria, S.A. (“we” or “BBVA”) may offer from time to time ordinary shares, American Depositary Shares (each representing one ordinary share, commonly referred to as ADSs), rights to subscribe for ordinary shares (including in the form of ADSs), senior debt securities, senior non-preferred debt securities, subordinated debt securities or contingent convertible preferred securities in one or more offerings.

This prospectus describes the general terms of these securities and the general manner in which we will offer these securities. The specific terms of any securities we offer will be included in a supplement to this prospectus. The applicable prospectus supplement will also describe the specific manner in which we will offer the securities. Such supplements may also add to, update, supplement or change information contained in the prospectus. We will not use this prospectus to issue any securities unless it is attached to a prospectus supplement.

We may offer and sell these securities to or through one or more underwriters, dealers and agents, or directly to purchasers, on a delayed or continuous basis. We will indicate the names of any underwriters in the applicable prospectus supplement.

Our ordinary shares are listed on each of the Madrid, Barcelona, Bilbao and Valencia stock exchanges (the “Spanish Stock Exchanges”) and quoted on the Automated Quotation System of the Spanish Stock Exchanges (the “Automated Quotation System”). Our ordinary shares are also listed on the London and Mexico stock exchanges. Our ordinary shares in the form of ADSs are listed on the New York Stock Exchange. If we decide to list any of the other securities on a national securities exchange upon issuance, the applicable prospectus supplement to this prospectus will identify the exchange and the date when we expect trading to begin.

### **Investing in our securities involves risks. See “Risk Factors” on page 6.**

**Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

Our senior debt securities, senior non-preferred debt securities, subordinated debt securities and contingent convertible preferred securities may be subject to the exercise of the Spanish Bail-in Power (as defined herein) by the Relevant Spanish Resolution Authority (as defined herein) as described herein and in the applicable prospectus supplement for such senior debt securities, senior non-preferred debt securities, subordinated debt securities or contingent convertible preferred securities, as applicable. See “Description of the Notes of BBVA—Agreement with Respect to the Exercise of the Spanish Bail-in Power” and “Description of the Contingent Convertible Preferred Securities of BBVA—Agreement and Acknowledgment with Respect to the Exercise of the Spanish Bail-in Power”.

Our ordinary shares (including those represented by ADS) may also be subject to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority. See “Description of BBVA Ordinary Shares—Exercise of Spanish Bail-in Power and other Resolution Tools” and “Description of BBVA American Depositary Shares—Exercise of Spanish Bail-in Power and other Resolution Tools”.

**The securities are not deposits or savings accounts and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency of the Kingdom of Spain, the United States or any other jurisdiction.**

The date of this prospectus is June 25, 2019.

You should rely only on the information contained in or incorporated by reference in this prospectus. Neither we nor any underwriter has authorized anyone to provide you with different information. Neither we nor any underwriter is making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in or incorporated by reference in this prospectus is accurate as of any date other than the date on the front cover of this prospectus.

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## ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement on Form F-3 that we filed with the Securities and Exchange Commission (the “SEC”) utilizing a “shelf” registration process. Under this shelf registration process, we may sell any combination of the securities described in this prospectus in one or more offerings.

This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement containing specific information about the terms of that offering. *The prospectus supplement may also add to, update, supplement or change information contained in this prospectus. If a prospectus supplement is inconsistent with this prospectus, the terms of the prospectus supplement will control. Therefore, the statements made in this prospectus may not be the terms that apply to the securities you purchase.* You should read both this prospectus and any applicable prospectus supplement together with additional information described under the heading “Incorporation of Documents by Reference”.

In this prospectus, the following terms will have the meanings set forth below, unless otherwise indicated or the context otherwise requires:

- “ADRs” refers to American Depositary Receipts representing ADSs.
- “ADSs” refers to American Depositary Shares, each representing one ordinary share of BBVA.
- “Amounts Due” means (i) with respect to a series of senior debt securities or subordinated debt securities, the principal amount of or outstanding amount (if applicable), together with any accrued but unpaid interest, additional amounts, premium (if any) and sinking fund payments (if any) due on the securities of such series; (ii) with respect to a series of senior non-preferred debt securities, the principal amount of or outstanding amount (if applicable), together with any accrued but unpaid, additional amounts and premium (if any) due on the securities of such series; and (iii) with respect to a series of contingent convertible preferred securities, the liquidation preference (and premium, if any), together with any accrued but unpaid distributions, and additional amounts, if any, due on the contingent convertible preferred securities of such series. In each case, references to such amounts will include amounts that have become due and payable, but which have not been paid prior to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority. References to such amounts will also include monies held in trust by BBVA, any paying agent or the trustee for the payment of the amounts referred to above, but which have not been paid prior to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority.
- “BBVA Group” or the “Group” refers to Banco Bilbao Vizcaya Argentaria, S.A. and its consolidated subsidiaries.
- “contingent convertible preferred securities” refers to our contingent convertible preferred securities.
- “Early Intervention” means, with respect to any person, that any Relevant Spanish Resolution Authority or the European Central Bank shall have announced or determined that such person has or shall become the subject of an “early intervention” (*actuación temprana*) as such term is defined in Law 11/2015 (as defined below).
- “Law 11/2015” means Spanish Law 11/2015, of June 18, on the recovery and resolution of credit institutions and investment firms (*Ley 11/2015, de 18 de junio, de recuperación y resolución de entidades de crédito y empresas de servicios de inversión*), as amended, replaced or supplemented from time to time.
- “notes” refers to our senior notes (as defined below), our senior non-preferred notes (as defined below) and the subordinated notes (as defined below), collectively.
- “RD 1012/2015” means Spanish Royal Decree 1012/2015 of November 6, by virtue of which Law 11/2015 is developed and Royal Decree 2606/1996 of December 20 on credit entities’ deposit guarantee fund is amended, as amended, replaced or supplemented from time to time.
- “Relevant Spanish Resolution Authority” means (i) with respect to a series of senior notes, subordinated notes or contingent convertible preferred securities, the Spanish Fund for the Orderly Restructuring of Banks (*Fondo de Reestructuración Ordenada Bancaria*), the European Single Resolution Mechanism and, as the case may be, according to Law 11/2015, the Bank of Spain and the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores* or “CNMV”), and any other entity with the authority to exercise the Spanish Bail-in Power (as defined below) from time to time, and (ii) with respect to other securities, the Spanish Fund for the Orderly Restructuring of

Banks (*Fondo de Reestructuración Ordenada Bancaria*), the European Single Resolution Mechanism and, as the case may be, according to Law 11/2015, RD 1012/2015 and the SRM Regulation (as defined below), the Bank of Spain and the CNMV or any other entity with the authority to exercise the Spanish Bail-in Power from time to time.

- “Resolution” means, with respect to any person, that any Relevant Spanish Resolution Authority shall have announced or determined that such person has or shall become the subject of a “resolution” (*resolución*) as such term is defined in Law 11/2015 and, when used with respect to the senior non-preferred notes of any series, the SRM Regulation.
- “rights” refers to the rights to subscribe for our ordinary shares (including in the form of ADSs).
- “securities” refers to the shares, the ADSs, the rights, the notes and the contingent convertible preferred securities, collectively.
- “senior non-preferred notes” refers to our senior non-preferred debt securities.
- “senior notes” refers to our senior debt securities.
- “shares” or “ordinary shares” refers to our ordinary shares, par value €0.49 per share.
- “Spain” refers to the Kingdom of Spain.
- “Spanish Bail-in Power” means any write-down, conversion, transfer, modification, suspension and, when used with respect to the senior non-preferred notes of any series, cancellation power existing from time to time under: (i) any law, regulation, rule or requirement applicable from time to time in Spain, relating to the transposition or development of Directive 2014/59/EU of the European Parliament and the Council of the European Union of May 15, 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms, as amended, replaced or supplemented from time to time or, when used with respect to the senior non-preferred notes or the contingent convertible preferred notes of any series, the BRRD (as defined herein), including, but not limited to (a) Law 11/2015, (b) RD 1012/2015, (c) Directive (EU) 2019/879 of the European Parliament and of the Council of May 20, 2019, and (d) the SRM Regulation; or (ii) any other law, regulation, rule or requirement applicable from time to time in Spain pursuant to which (a) obligations or liabilities of banks, investment firms or other financial institutions or their affiliates can be reduced, cancelled, modified, transferred or converted into shares, other securities, or other obligations of such persons or any other person (or suspended for a temporary period or permanently) or (b) any right in a contract governing such obligations may be deemed to have been exercised.
- “SRM Regulation” means Regulation (EU) No. 806/2014 of the European Parliament and the Council of July 15 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of the Single Resolution Mechanism and the Single Resolution Fund and amending Regulation (EU) No. 1093/2010, as amended, replaced or supplemented from time to time (including as amended by Regulation 2019/877 of the European Parliament and the Council of May 20, 2019).
- “subordinated notes” refers to our subordinated debt securities.
- “we”, “us”, “our”, “Bank” and “BBVA” refer to Banco Bilbao Vizcaya Argentaria, S.A. unless the context otherwise requires.
- “\$”, “U.S. dollars” and “dollars” refer to United States dollars.
- “€” and “euro” refer to euro.

## WHERE YOU CAN FIND MORE INFORMATION

### Ongoing Reporting

We file annual reports on Form 20-F with, and furnish other reports and information on Form 6-K to, the SEC. You may read and copy any document we file with, or furnish to, the SEC at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at +1-800-SEC-0330 for more information about the SEC’s Public Reference Room. The SEC also maintains an Internet site at <http://www.sec.gov> that contains in electronic form the reports and other information that we have electronically filed with, or furnished to, the SEC. In addition, the securities may specify that certain documents are available for inspection at the office of the trustee, a paying agent or the ADS depositary, as the case may be.



## INCORPORATION OF DOCUMENTS BY REFERENCE

The rules of the SEC allow us to “incorporate by reference” the information we file with, or furnish to, the SEC, which means:

- incorporated documents are considered part of this prospectus;
- we can disclose important information to you by referring you to those documents; and
- information that we file with, or furnish to, the SEC in the future and incorporate by reference in this prospectus will automatically modify and supersede to the extent applicable information in this prospectus and information previously incorporated by reference in this prospectus.

We incorporate by reference the following documents:

- our annual report on Form 20-F for the fiscal year ended December 31, 2018 (the “2018 Form 20-F”) filed with the SEC on March 28, 2019;
- our report on Form 6-K containing our audited consolidated financial statements as of and for the years ended December 31, 2018, 2017 and 2016 with a revised segment footnote that reflects our new reportable segments and certain related revised disclosures, furnished to the SEC on June 25, 2019 (Accession No. 0000842180-19-000009) (the “Recast Form 6-K”);
- our report on Form 6-K containing certain information on our financial results as of and for the three months ended March 31, 2019, furnished to the SEC on June 25, 2019 (Accession No. 0001193125-19-181075) (the “March 31, 2019 Form 6-K”); and
- any filings made by us with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as well as any report on Form 6-K furnished to the SEC to the extent the Form 6-K expressly states that it is being incorporated by reference herein, on or after the date of this prospectus and prior to the termination of the relevant offering under this prospectus.

Information that we incorporate by reference in this prospectus which has been filed with, or furnished to, the SEC after other information incorporated by reference in this prospectus, shall be deemed to automatically modify and supersede to the extent applicable the previously filed or furnished information.

You may request, at no cost to you, a copy of these documents (other than exhibits not specifically incorporated by reference) by writing or telephoning us at the following address or telephone number:

Banco Bilbao Vizcaya Argentaria, S.A.  
New York Branch  
1345 Avenue of the Americas, 45th Floor  
New York, New York 10105  
Attention: Investor Relations  
+1-212-728-1660

## FORWARD-LOOKING STATEMENTS

Some of the statements included in this prospectus are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), Section 21E of the Exchange Act, and the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. We also may make forward-looking statements in our other documents filed with, or furnished to, the SEC that are incorporated by reference into this prospectus. Forward-looking statements can be identified by the use of forward-looking terminology such as “believe”, “expect”, “estimate”, “project”, “anticipate”, “should”, “intend”, “probability”, “risk”, “VaR”, “target”, “goal”, “objective”, “future” or by the use of similar expressions or variations on such expressions, or by the discussion of strategy or objectives. Forward-looking statements are based on current plans, estimates and projections, are not guarantees of future performance and are subject to inherent risks, uncertainties and other factors that could cause actual results to differ materially from the future results expressed or implied by such forward-looking statements.

In particular, this prospectus and certain documents incorporated by reference into this prospectus include forward-looking statements relating but not limited to management objectives, the implementation of our strategic initiatives, trends in results of operations, margins, costs, return on equity, the outcome of certain legal and regulatory actions and proceedings and risk management, including our potential exposure to various types of risk such as market risk, interest rate risk, currency risk and equity risk. For example, certain of the market risk disclosures are dependent on choices about key model characteristics, assumptions and estimates, and are subject to various limitations. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future.

We have identified some of the risks inherent in forward-looking statements in “Item 3. Key Information—Risk Factors”, “Item 4. Information on the Company”, “Item 5. Operating and Financial Review and Prospects” and “Item 11. Quantitative and Qualitative Disclosures About Market Risk” in our 2018 Form 20-F, in “Item 4. Information on the Company” and “Item 5. Operating and Financial Review and Prospects” in our Recast Form 6-K and in “Risk Factors” in this prospectus. Other factors could also adversely affect our results or the accuracy of forward-looking statements in this prospectus, and you should not consider the factors discussed here or in the sections in our 2018 Form 20-F, our Recast Form 6-K and the prospectus listed above to be a complete set of all potential risks or uncertainties. Other important factors that could cause actual results to differ materially from those in forward-looking statements include, among others:

- political, economic and business conditions in Spain, the European Union, Latin America, Mexico, Turkey, the United States and other regions, countries or territories in which we operate;
- our ability to comply with various legal and regulatory regimes and the impact of changes in applicable laws and regulations, including increased capital and provision requirements and taxation, and steps taken towards achieving an EU fiscal and banking union;
- the monetary, interest rate and other policies of central banks in the European Union, Spain, the United States, Mexico, Turkey and elsewhere;
- changes or volatility in interest rates, foreign exchange rates (including the euro to U.S. dollar exchange rate), asset prices, equity markets, commodity prices, inflation or deflation;
- the possible political, economic and regulatory impacts related to the United Kingdom’s proposed withdrawal from the European Union;
- market adjustments in the real estate sectors in Spain, Mexico, Turkey and the United States;
- the effects of competition in the markets in which we operate, which may be influenced by regulation or deregulation;
- changes in consumer spending and savings habits, including changes in government policies which may influence spending, saving and investment decisions;
- adverse developments in emerging countries, in particular Latin America and Turkey, including unfavorable political and economic developments, social instability and changes in governmental policies, including expropriation, nationalization, international ownership legislation, interest rate caps and tax policies;
- our ability to hedge certain risks economically;
- downgrades in our credit ratings or in Spain’s credit ratings;

- the success of our acquisitions, divestitures, mergers and strategic alliances;
- our ability to make payments on certain substantial unfunded amounts relating to commitments with personnel;
- the performance of our international operations and our ability to manage such operations;
- weaknesses or failures in our Group's internal or outsourced processes, systems (including information technology systems) and security;
- weaknesses or failures of our anti-money laundering or anti-terrorism programs, or of our internal policies, procedures, systems and other mitigating measures designed to ensure compliance with applicable anti-corruption laws and sanctions regulations;
- security breaches, including cyber-attacks;
- the outcome of legal and regulatory actions and proceedings, both those to which the Group is currently exposed and any others which may arise in the future, including actions and proceedings related to former subsidiaries of the Group or in respect of which the Group may have indemnification obligations;
- actions that are incompatible with our ethics and compliance standards, and our failure to timely detect or remedy any such actions;
- our success in managing the risks involved in the foregoing, which depends, among other things, on our ability to anticipate events that are not captured by the statistical models we use; and
- force majeure and other events beyond our control.

Readers are cautioned not to place undue reliance on forward-looking statements. In addition, the forward-looking statements made in this prospectus speak only as of the date of this prospectus. We do not intend to publicly update or revise these forward-looking statements to reflect events or circumstances after the date of this prospectus, including, without limitation, changes in our business or acquisition strategy or planned capital expenditures or to reflect the occurrence of unanticipated events, and we do not assume any responsibility to do so. You should, however, consult any further disclosures of a forward-looking nature we may make in our other documents filed with, or furnished to, the SEC that are incorporated by reference into this prospectus.

## RISK FACTORS

You should carefully consider the risk factors contained in the applicable prospectus supplement and the documents incorporated by reference into this prospectus, including, but not limited to, those risk factors in “Item 3. Key Information—Risk Factors” in our 2018 Form 20-F, in addition to the risk factors set forth below, when deciding whether to invest in the securities being offered pursuant to this prospectus. Investing in the securities involves risks. Any of the risks described herein, in the applicable prospectus supplement or in any other documents incorporated by reference into this prospectus, including our 2018 Form 20-F, if they actually occur, could materially and adversely affect our business, results of operations, prospects and financial condition and the value of your investments.

Each potential investor of any security offered hereunder must determine the suitability (either alone or with the help of a financial adviser) of that investment in light of its own circumstances. In particular, each potential investor should understand thoroughly the terms of such securities and be familiar with the behavior of any relevant indices and financial markets, including the possibility that any security offered hereunder may become subject to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority.

### *We may be adversely affected by the United Kingdom’s planned exit from the European Union*

In a referendum held in the United Kingdom on June 23, 2016, a majority of those voting voted for the United Kingdom to leave the European Union (referred to as “Brexit”). On March 29, 2017, the United Kingdom gave formal notice under Article 50 of the Treaty on European Union, officially notifying the European Union of its decision to withdraw from the European Union, which began a formal two-year period during which officials from the United Kingdom and the European Union have been negotiating the terms of the United Kingdom’s withdrawal from, and the framework of the future relationship with the European Union (the “Article 50 Withdrawal Agreement”). No agreement was reached and approved by the relevant parties on March 29, 2019 and thus, on April 10, 2019, this date was extended to October 31, 2019, with a review to be held on June 30, 2019. As part of those negotiations, a transitional period has been agreed in principle which would extend the application of EU law and provide for continuing access to the EU single market until the end of 2020. Any future extensions of this period must be approved unanimously by all member states of the European Union. It remains uncertain whether the Article 50 Withdrawal Agreement will be finalized and ratified by the United Kingdom and the European Union. If no agreement is reached and approved by October 31, 2019, and no extension is agreed, the United Kingdom would automatically leave the European Union and EU laws and regulations would cease to apply to the United Kingdom on such date unless the United Kingdom revokes its formal notice under Article 50 of the Treaty on European Union.

As of the date of this prospectus, the United Kingdom remains a member of the European Union. However, Brexit has already affected and could continue to adversely affect European and/or worldwide economic and market conditions and could continue to contribute to instability in the global financial markets. The long-term effects of Brexit will depend in part on whether the UK Parliament approves an agreement negotiated with the Council of the European Union, whether the United Kingdom leaves the European Union with no agreement in place (referred to as a “hard Brexit”), or whether the United Kingdom ultimately remains a member of the European Economic Area or the European Union, as a result of a second referendum, new UK elections or otherwise.

The Group currently maintains a branch in the United Kingdom, had 126 employees in the United Kingdom as of December 31, 2018 and has significant cross-border outstandings with the United Kingdom, primarily with banks and other financial institutions, as well as sovereign risk exposure of €51 million as of December 31, 2018. The Group also has a 39.06% stake in the UK digital bank Atom Bank plc. In addition to its effects on the European and global economy and financial markets, Brexit, and in particular a hard Brexit, could impair or otherwise limit our ability to transact business in the United Kingdom or elsewhere. In addition, we expect that Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the United Kingdom determines which European Union laws to replicate or replace. If the United Kingdom were to significantly alter its regulations affecting the banking industry, we could face significant new costs and compliance difficulties as it may be time-consuming and expensive for us to alter our internal operations in order to comply with new regulations. In addition, we may face challenges in the recruitment and mobility of employees as well as adverse effects from fluctuations in the value of the pound sterling that may directly or indirectly affect the value of any assets of the Group, including those assets, and their respective risk-weighted assets, denominated in such currency. Moreover, it is possible that Brexit, particularly a hard Brexit, could cause a recession in the United Kingdom as well as in the European Union, including in Spain. Due to the ongoing

political uncertainty as regards the terms of the United Kingdom's possible withdrawal from the European Union and their future relationship, the precise impact on the business of the Group is difficult to determine. Any of the above or other effects of Brexit could have a material adverse effect on the Group's business, financial condition and results of operations.

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

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

Legal and regulatory actions and proceedings against financial institutions have been on the rise in Spain and other jurisdictions where the Group operates over the last decade, fueled in part by certain recent consumer-friendly rulings. In certain instances, these rulings were as a result of appeals made to national or supranational courts (such as the European Court of Justice). Legal and regulatory actions and proceedings faced by the Group include legal proceedings brought by clients before Spanish and European courts in relation to mortgage loan agreements in which claimants seek that certain provisions of such agreements be declared null and void (including provisions concerning fees and other expenses, early termination, the use of certain interest rate indexes and the use of "floor" clauses limiting the interest rates in mortgages loans). The application of certain interest rates and other terms in certain credit cards agreements is also being challenged in Spanish courts. Legal and regulatory actions and proceedings faced by other financial institutions regarding these or other matters, especially if such actions or proceedings result in consumer-friendly rulings, could also adversely affect the Group.

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

A preliminary ruling is pending in which the Ruling is being challenged before the Court of Justice of the European Union. BBVA considers that the Ruling is clear and well founded. The impact of any unfavourable ruling by the Court of Justice of the European Union is difficult to predict at this time, but could be material. The impact of such a resolution may vary depending on matters such as (i) the decision of the Court of Justice of the European Union on what interest rate should be applied to the applicable loans; and (ii) whether the effects of the judgement are applied retroactively.

The Group is also involved in antitrust proceedings and investigations in certain countries which could, among other things, give rise to sanctions or lead to lawsuits from clients or other persons. For example, in April 2017, the Mexican Federal Economic Competition Commission (*Comisión Federal de Competencia Económica* or the "COFECE") launched an antitrust investigation relating to alleged monopolistic practices of certain financial institutions, including BBVA's subsidiary BBVA Bancomer, S.A. ("BBVA Bancomer") in connection with transactions in Mexican government bonds. The Mexican Banking and Securities Exchange Commission (*Comisión Nacional Bancaria y de Valores*) also initiated a separate investigation regarding this matter, which resulted in certain fines, insignificant in amount, being initially imposed, which BBVA Bancomer has challenged. In March 2018, BBVA Bancomer and certain other affiliates of the Group were named as defendants in a putative class action lawsuit filed in the United States District Court for the Southern District of New York, alleging that the defendant banks and their named subsidiaries engaged in collusion with respect to the purchase and sale of Mexican government bonds. The plaintiffs seek unspecified monetary relief.

The outcome of legal and regulatory actions and proceedings, both those to which the Group is currently exposed and any others which may arise in the future, including actions and proceedings relating to former subsidiaries of the Group or in respect of which the Group may have indemnification obligations, is difficult to predict. However, in connection with such matters the Group may incur significant expense, regardless of the



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

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

***The Group is exposed to risks related to the uncertainty surrounding the integrity and continued existence of reference rates.***

Reference rates and indices, including interest rate benchmarks, such as the London Interbank Offered Rate ("LIBOR"), the Euro OverNight Index Average ("EONIA") and the Euro Interbank Offered Rate ("EURIBOR"), among others, which are used to determine the amounts payable under financial instruments or the value of such financial instruments, have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing benchmarks, with further changes anticipated. These reforms and changes may cause a benchmark to perform differently than it has done in the past or to be discontinued. For example, in 2017, the Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of LIBOR after 2021, and EONIA will modify its methodology on October 2, 2019 and will likely be discontinued as from December 2021. Additionally, the determination methodology for EURIBOR is currently under review, involving switching from the current EURIBOR methodology to a new hybrid methodology using transaction-based data and other sources of data. In addition, under the EU Benchmarks Regulation that came into force in June 2016, financial institutions within the EU, including BBVA, will be prohibited from using benchmarks unless their administrators are authorized, registered or otherwise recognized in the EU. This may impact the ability of BBVA to use certain benchmarks in the future. For example, EURIBOR will, as it currently stands, no longer be compliant with the EU Benchmarks Regulation on January 1, 2022, after the implementation of recent regulatory changes.

While international initiatives are currently underway to develop alternative benchmarks and backstop arrangements, it is not possible to predict the timing or full effect of any establishment of alternative reference rates or any other reforms to these reference rates that may be enacted including the potential or actual discontinuance of LIBOR publication and any transition away from LIBOR, EONIA and EURIBOR.

Uncertainty as to the nature of such potential changes, alternative reference rates or other reforms may adversely affect the valuation or trading of a broad array of financial products that use these reference rates, including any LIBOR, EONIA or EURIBOR-based securities, loans and derivatives that are issued by the Group or otherwise included in the Group's financial assets and liabilities. Such uncertainty may also affect the availability and cost of hedging instruments and borrowings. If any of these reference rates are no longer available, the Group may incur additional expenses in effecting the transition from such reference rates, and may be subject to disputes (including with customers of the Group) which could have an adverse effect on the Group's results of operations. Changes to benchmark indices could also result in pricing risks arising from how changes to benchmark indices could impact pricing mechanisms in some instruments. In addition, any such changes could have important operational impacts through the Group's systems and infrastructure as all systems will need to account for the changes in the reference rates.

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

## **THE BBVA GROUP**

The BBVA Group is a highly diversified international financial group, with strengths in the traditional banking businesses of retail banking, asset management, private banking and wholesale banking. The BBVA Group operates in Spain, Mexico, the United States, Turkey and over 30 other countries, mainly in Europe, Latin America and Asia. The BBVA Group had consolidated assets of €691,200 million at March 31, 2019 and profit attributable to parent company of €1,164 million for the three months ended March 31, 2019.

BBVA's principal executive offices are located at Calle Azul 4, 28050 Madrid, Spain, and its telephone number at that location is +34-91-537-7000 or +34-91-374-6000.

Additional information about BBVA and its subsidiaries is included in the 2018 Form 20-F, the Recast Form 6-K and the March 31, 2019 Form 6-K, which are incorporated by reference in this document.

## **USE OF PROCEEDS**

The net proceeds from each issue of securities will be used for the BBVA Group's general corporate purposes, unless otherwise stated in the applicable prospectus supplement.

## CONSOLIDATED CAPITALIZATION AND INDEBTEDNESS OF THE BBVA GROUP

The following table sets forth the capitalization and indebtedness of the BBVA Group on an unaudited consolidated basis in accordance with IAS 34 (as issued by the International Accounting Standards Board) as of March 31, 2019.

	<u>As of March 31, 2019</u> (millions of euros)
<b>Outstanding indebtedness(1)</b>	
Short-term indebtedness(2) .....	3,017
Long-term indebtedness .....	62,543
Of which: Preferred securities(3) .....	<u>163</u>
<b>Total indebtedness(4) .....</b>	<b><u>65,559</u></b>
<b>Stockholders' equity</b>	
Ordinary shares .....	3,267
Ordinary shares held by consolidated companies .....	(178)
Reserves .....	51,472
Dividends .....	(77)
Accumulated other comprehensive income .....	<u>(6,656)</u>
<b>Total shareholders' equity .....</b>	<b><u>47,829</u></b>
Preferred shares .....	—
Non-controlling interest .....	<u>5,718</u>
<b>Total capitalization and indebtedness .....</b>	<b><u><u>119,106</u></u></b>

- 
- (1) No third party has guaranteed any of the debt of the BBVA Group.
  - (2) Includes all outstanding promissory notes and bonds, debentures and subordinated debt (including preferred securities) with a remaining maturity of up to one year as of March 31, 2019.
  - (3) In accordance with IAS 34, preferred securities are accounted for as subordinated debt. Nonetheless, for Bank of Spain regulatory capital purposes, such preferred securities are treated as Tier 1 capital instruments.
  - (4) Approximately 31% of the BBVA Group's indebtedness was secured as of March 31, 2019.

The following are the principal transactions affecting the capitalization of the BBVA Group after March 31, 2019:

- On June 21, 2019, BBVA issued 1.000% senior non-preferred green notes due June 2026 in an aggregate principal amount of €1,000,000,000 under its €40,000,000,000 Global Medium Term Note Program.

## DESCRIPTION OF BBVA ORDINARY SHARES

The following summary describes the material considerations concerning the capital stock of BBVA and briefly describes the material provisions of BBVA's bylaws (*estatutos*) and relevant Spanish law. This summary does not include all the provisions of our bylaws and is qualified in its entirety by reference to the detailed provisions thereof. A copy of BBVA's bylaws has been filed with the SEC as an exhibit to the registration statement of which this prospectus is a part and will be furnished to investors upon request.

### General

As of June 25, 2019, BBVA's paid in share capital was €3,267,264,424.20, represented by a single class of 6,667,886,580 ordinary shares. As of March 31, 2019, BBVA's paid in share capital was the same.

Non-residents of Spain may hold and vote ordinary shares subject to the general restrictions set forth below.

### Attendance and Voting at Shareholders' Meetings

Each ordinary share entitles the shareholder to one vote. Any ordinary share may be voted by proxy. Any shareholder who is entitled to attend a general shareholders' meeting may be represented at such general shareholders' meeting by another person, who need not necessarily be a shareholder. Proxies are valid for ordinary (also referred to as "annual") general shareholders' meetings and extraordinary general shareholders' meetings and, except with respect to general powers of attorney, must be granted specifically with respect to each general shareholders' meeting. A single shareholder may not be represented at a general shareholders' meeting by more than one person, except under the circumstances provided in the law for brokering institutions.

#### *Shareholders' meetings*

Pursuant to BBVA's bylaws and to the Spanish Companies Act (*Ley de Sociedades de Capital*), approved by Royal Legislative Decree 1/2010 of July 2, as amended (the "Spanish Companies Act"), general meetings of shareholders of BBVA may be ordinary or extraordinary.

Pursuant to the Spanish Companies Act, ordinary general shareholders' meetings shall necessarily be held within the first six months of each fiscal year, at which shareholders are requested to approve the annual accounts of the previous fiscal year, the corporate management for the previous fiscal year and the application of BBVA's net income or loss. Other matters may also be voted on by shareholders during the ordinary general shareholders' meetings if such items are included on the agenda or are allowed by law. Any other meetings of shareholders are considered to be extraordinary general shareholders' meetings. Extraordinary general shareholders' meetings may be called from time to time by the BBVA Board of Directors at its discretion. The BBVA Board of Directors will call extraordinary general shareholders' meetings when (i) it believes such meetings to be necessary or advisable for BBVA's interests, (ii) required by law or BBVA's bylaws, or (iii) requested by shareholders representing at least 3% of BBVA's share capital.

Shareholders representing at least 3% of the share capital of BBVA have the right to request the publication of a supplemental notice including one or more additional agenda items to the ordinary general shareholders' meeting and to add new resolution proposals to the agenda of any general shareholders' meeting, within the first five days following the publication of the agenda.

A universal shareholders' meeting, at which 100% of the share capital is present or duly represented, is considered valid even if no notice of such meeting was given, and, with unanimous agreement, shareholders may consider any matter at such a meeting.

#### *Convening notice*

According to BBVA's bylaws and the Spanish Companies Act, notices of all BBVA general shareholders' meetings must be published (i) in the Official Gazette of the Commercial Registry (*Boletín Oficial del Registro Mercantil*) or in a widely circulated newspaper in Spain, (ii) on BBVA's webpage and (iii) on the webpage of the CNMV, at least one month prior to the date of the meeting or with the minimum prior notice period required by the Spanish Companies Act from time to time. The notice must indicate the date, time and place of the meeting on the first convening and all the matters to be considered at the meeting, along with other information required by the Spanish Companies Act. The notice may also include the date on which the meeting should be held on the second convening. At least twenty-four hours must elapse between the meeting on the first convening and the meeting on the second convening.



### ***Place of meeting***

Except with respect to universal shareholders' meetings, general shareholders' meetings must be held in Bilbao, Spain, where BBVA has its registered office, on the date indicated in the convening notice. A universal shareholders' meeting, at which 100% of the share capital is present or duly represented, may take place anywhere in the world.

### ***Right of attendance***

The owners of 500 or more ordinary shares which are duly registered in the book-entry record for ordinary shares at least five days prior to the date of the general shareholders' meeting and continue to hold such shares until the date of the meeting are entitled to attend. The holders of fewer than 500 ordinary shares may aggregate their shares by proxy to represent at least 500 ordinary shares and appoint a representative for the meeting.

### ***Quorums***

Under BBVA's bylaws and the Spanish Companies Act, except as set forth below, general shareholders' meetings will be duly constituted on the first convening if BBVA shareholders holding at least 25% of the voting share capital are present or represented by proxy. On the second convening of a general shareholders' meeting, there is no quorum requirement.

Notwithstanding the above, according to the Spanish Companies Act certain special events require a quorum of shareholders, present or represented by proxy, holding at least 50% of the voting share capital on first convening of the general shareholders' meeting and no less than 25% of the voting share capital on the second convening of the general shareholders' meeting. Those special events include the adoption of resolutions concerning the following: (i) increases or decreases in capital; (ii) in general, any modification of the bylaws; (iii) issuances of bonds (not applicable to BBVA except with respect to convertible bonds); (iv) limitations or suppression of the preemptive rights to subscribe for new shares; (v) transformations, mergers, spin-offs and assignments of assets and liabilities; and (vi) the transfer of the registered office abroad.

Additionally, BBVA's bylaws also require the presence, in person or represented by proxy, of two-thirds of the voting share capital on first convening or 60% of the voting share capital on the second convening, at general shareholders' meetings in order to adopt resolutions that concern: (i) the change of the corporate purpose; (ii) the transformation of BBVA's legal status; (iii) a full spin-off; (iv) the dissolution of BBVA; or (v) the amendment of the second paragraph of article 25 of BBVA's bylaws, which establishes this stricter quorum requirement.

### ***Adoption of resolutions and majorities***

Subject to the higher vote requirements described in the following paragraphs, the adoption of resolutions requires a simple majority vote at the general shareholders' meeting, it being understood that a resolution is adopted when the favorable votes exceed the votes against the adoption of the resolution.

The adoption of resolutions concerning the following: (i) increases or decreases in capital; (ii) in general, any modification of the bylaws; (iii) issuances of bonds (not applicable to BBVA except with respect to convertible bonds); (iv) limitations or elimination of the preemptive rights to subscribe for new shares; (v) transformations, mergers, spin-offs and assignments of assets and liabilities; and (vi) the transfer of the registered office abroad, shall require the favorable vote of (a) a majority of the share capital present or represented at the meeting if such share capital present or represented exceeds 50% of the total share capital, or (b) if the share capital present or represented by proxy on the second convening constitutes less than 50% but more than 25% of the total share capital, the approval of two-thirds of the share capital present or represented by proxy at such meeting. In addition, the adoption of resolutions that require special quorums according to our bylaws require a favorable vote of a majority of the share capital present or represented.

Validly adopted resolutions are binding on all the shareholders, including those who were absent, dissented or abstained from voting.

Any resolution adopted at the general shareholders' meeting that is contrary to Spanish law, to the bylaws or to the general shareholders' meeting regulations, or that are deemed detrimental to BBVA's interests to the benefit of one or more shareholders or third parties can be contested. Any director, any third party who proves a legitimate interest, and any shareholder who acquired such status before the resolution was adopted, as long as they represent at least 0.1% of the share capital of BBVA, may contest corporate resolutions. If the resolution is contrary to public order, it can be contested by any director, third party or any shareholder, even if he/she acquired such status after the resolution was adopted.

### ***Appointment of directors***

Under the Spanish Companies Act, in the event of a vacancy on the BBVA Board of Directors, a shareholder or group of shareholders that owns an aggregate number of ordinary shares equal to or greater than the result of dividing the total capital stock by the number of directors on the BBVA Board of Directors, has the right to appoint a corresponding proportion of the directors (rounded downwards to the nearest whole number) to the Board of Directors. Shareholders who exercise the right to appoint directors in accordance with the above may not vote on the appointment of other directors to the BBVA Board of Directors. Under the Spanish Companies Act, the BBVA Board of Directors may also designate directors by interim appointment to fill vacancies (co-option). If a director has been co-opted, such director shall stay in office until the first general shareholders' meeting held following such co-option. The general shareholders' meeting may then ratify such director's appointment for the term of office remaining of the director whose vacancy has been covered through co-option, or appoint such director for the term of office established under our bylaws (currently, three years).

Under Spanish law, any new directors shall comply with the suitability criteria set forth in, among other applicable legislation, Law 10/2014, of June 26, on organization, supervision and solvency of credit institutions (*Ley 10/2014, de 26 de junio, de ordenación, supervisión y solvencia de entidades de crédito*), as amended, replaced or supplemented from time to time ("Law 10/2014"), Royal Decree 84/2015, of February 13 and Bank of Spain Circular 2/2016 of February 2.

### **Preemptive Rights**

Pursuant to the Spanish Companies Act, shareholders have preemptive rights to subscribe for (i) new ordinary shares issued in the context of a capital increase involving cash contributions (except where the capital increase is due to the conversion of convertible securities into BBVA ordinary shares, the absorption of another company, or the absorption of all or part of the assets of another company by means of a spin-off of such company) and (ii) securities which are convertible into BBVA ordinary shares. These preemptive rights may be excluded in certain circumstances in accordance with the Spanish Companies Act.

### **Form and Transfer**

Ordinary shares are in book-entry form and are indivisible. Joint holders must nominate one person to exercise their rights as shareholders, though joint holders are jointly and severally (*solidariamente*) liable for all obligations arising from their status as shareholders.

Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal ("Iberclear"), which manages the clearance and settlement system of the Spanish Stock Exchanges, maintains the central registry of ordinary shares which reflects (i) one or several proprietary accounts which show the balances of the participating entities' (*entidades participantes*) proprietary accounts; (ii) one or several general third-party accounts that show the overall balances that the participating entities hold for third parties; (iii) individual accounts opened in the name of the owner, either individual or legal person; and (iv) individual special accounts of financial intermediaries which use the optional procedure of settlement of orders. Each participating entity, in turn, maintains the detail records of the owners of the shares held in their general third-party accounts.

Transfers of ordinary shares quoted on the Spanish Stock Exchanges must be made by book-entry registry or delivery of evidence of title to the buyer, through or with the participation of a member of the Spanish Stock Exchanges that is an authorized broker or dealer. Transfers of ordinary shares may also be subject to certain fees and expenses.

### **Reporting Requirements**

As ordinary shares are listed on the Spanish Stock Exchanges, the acquisition or disposition of ordinary shares by shareholders must be reported within four business days of the acquisition or disposition to BBVA and the CNMV where:

- in the case of an acquisition, the acquisition results in that person or group holding 3% (or 5%, 10%, 15%, 20%, 25%, 30%, 35%, 40%, 45%, 50%, 60%, 70%, 75%, 80% or 90%) of BBVA's total voting rights; or
- in the case of a disposal, the disposition reduces shares held by a person or group below a threshold of 3% (or 5%, 10%, 15%, 20%, 25%, 30%, 35%, 40%, 45%, 50%, 60%, 70%, 75%, 80% or 90%) of BBVA's total voting rights.

The reporting requirements apply not only to the purchase or transfer of shares, but also to those transactions in which, without a purchase or transfer, the proportion of voting rights of an individual or legal entity reaches, exceeds or falls below the threshold that triggers the obligation to report as a consequence of a change in the total number of voting rights of BBVA on the basis of the information reported to the CNMV and disclosed by it.

Regardless of the actual ownership of the shares, any individual or legal entity with a right to acquire, transfer or exercise voting rights granted by the shares, and any individual or legal entity who owns, acquires or transfers, whether directly or indirectly, other securities or financial instruments which grant a right to acquire shares with voting rights, will also have an obligation to notify the company and the CNMV of the holding of a significant stake in accordance with the applicable Spanish regulations. In addition, cash settled instruments creating long positions on underlying listed shares (such as BBVA's) shall be disclosed if the specified shareholding thresholds are reached or exceeded. Cash holdings and holdings derived from financial instruments shall be aggregated for disclosure purposes. A disclosure exemption for shareholding positions held by financial entities in their trading books as a result of the securities administration and custody services rendered by such financial entities is available pursuant to art. 33.2 of the Spanish Royal Decree 1362/2007. In the event that the individual or legal entity entering into the relevant transaction is a non-Spanish resident, notice must also be given to the Spanish Registry of Foreign Investments (*Registro de Inversiones Exteriores*) and kept by the General Bureau of Commerce and Investments (*Dirección General de Comercio e Inversiones*) within the Ministry of Economy and Competitiveness (*Ministerio de Economía y Competitividad*) (see “—Exchange Controls” below).

In the case of individuals or legal entities resident in jurisdictions designated as tax havens or in countries or territories levying no taxes or with which Spain has no effective exchange of tax information, the threshold that triggers the obligation to disclose the acquisition or disposition of shares is reduced to 1% (and successive multiples of 1%).

Additionally, since BBVA is a credit entity, any person who intends to acquire a significant participation in BBVA's share capital must comply with certain obligations before the Bank of Spain. See “—Restrictions on Acquisitions of Ordinary Shares”.

### ***Requirements applicable to purchases by BBVA and its directors and senior managers***

#### ***Acquisition of own shares***

BBVA is required to report to the CNMV any acquisition by BBVA or any of its affiliates, of BBVA's own shares which, together with all other acquisitions since the last notification, reaches or exceeds 1% of BBVA's share capital (irrespective of whether any own shares have been sold in the same period). In such circumstances, the notification must be made within four stock exchange business days and include the number of shares acquired since the last notification (detailed by transaction), the number of shares sold (detailed by transaction) and the resulting net holding of treasury shares.

#### ***Acquisition of shares by BBVA directors and senior managers***

Each member of the BBVA Board of Directors must report to BBVA and the CNMV, the percentage of voting rights held at the time such director joined the Board of Directors and at the time they are ceased as members. Furthermore, each member of the BBVA Board of Directors must similarly report any acquisition or disposition, regardless of size, of BBVA shares, debt instruments issued by BBVA, derivatives and other financial instruments linked thereto within three business days of such acquisition or disposition. Senior managers of BBVA, as well as persons closely associated to them or to BBVA directors, are also subject to the abovementioned reporting rules.

### **Net Short Positions**

In accordance with Regulation (EU) No 236/2012 of the European Parliament and of the Council of March 14, 2012 on short selling and certain aspects of credit default swaps (as further supplemented by several delegated regulations regulating technical aspects necessary for its effective enforceability and to ensure compliance with its provisions), net short positions on shares listed on the Spanish Stock Exchanges (including BBVA shares) equal to, or in excess of, 0.2% of the relevant entity's share capital and any increases or reductions thereof by 0.1% are required to be disclosed to the CNMV. If the net short position reaches 0.5%, and also at every 0.1% above that, the CNMV will disclose the net short position to the public.

The notification or disclosure mentioned above shall be made not later than at 15.30 (CET) on the trading day following the day when the relevant threshold was reached, exceeded or fallen below.

Notification is mandatory even if the same position has already been notified to the CNMV in compliance with transparency obligations previously in force.

The information to be disclosed is set out in Table 1 of Annex I of Delegated Regulation 826/2012, according to the format approved as Annex II of this Regulation. The information will be published, where appropriate, on a web page operated or supervised by the CNMV.

Moreover, pursuant to Regulation 236/2012, where the CNMV considers that (i) there are adverse events or developments that constitute a serious threat to financial stability or to market confidence (for example, serious financial, monetary or budgetary problems, which may lead to financial instability or unusual volatility causing significant downward spirals in any financial instrument); and (ii) the measure is necessary and will not be disproportionately detrimental to the efficiency of financial markets in view of the advantages sought, it may, following consultation with the European Securities and Markets Authority (“ESMA”), take any one or more of the following measures:

- impose additional notification obligations by either (a) reducing the thresholds for the notification of net short positions in relation to one or several specific financial instruments; and/or (b) requesting the parties involved in the lending of a specific financial instrument to notify any change in the fees requested for such lending; and
- restrict short selling activity by either prohibiting or imposing conditions on short selling.

In addition, according to Regulation 236/2012, where the price of a financial instrument has fallen significantly during a single day in relation to the closing price on the previous trading day (10.0% or more in the case of a liquid share such as a BBVA share), the CNMV may prohibit or restrict short selling of financial instruments for a period not exceeding the end of the trading day following the trading day on which the fall in price occurs.

Finally, Regulation 236/2012 also vests powers to ESMA in order to take measures similar to the ones described above in exceptional circumstances, when the purpose of these measures is to deal with a threat affecting several European Union member states and the competent authorities of these member states have not taken adequate measures to address it.

### **Change of Control Provisions**

Certain antitrust regulations may delay, defer or prevent a change of control of BBVA or any of its subsidiaries in the event of a merger, acquisition or corporate restructuring. In Spain, the application of both Spanish and European antitrust regulations requires that prior notice of domestic or cross-border merger transactions be given in order to obtain a “non-opposition” ruling from antitrust authorities.

Spanish regulation of takeover bids may also delay, defer or prevent a change of control of BBVA or any of its subsidiaries in the event of a merger, acquisition or corporate restructuring. Law 6/2007 and Royal Decree 1066/2007 set forth the Spanish rules governing takeover bids. In particular:

- a bidder must make a tender offer in respect of 100% of the issued share capital of a target company if:
  - it acquires an interest in shares which (taken together with shares in which persons acting in concert with it are interested) carry 30% or more of the voting rights of the target company;
  - it acquires an interest in shares which (taken together with shares in which persons acting in concert with it are interested) carry less than 30% of the voting rights but enable the bidder to appoint a majority of the members of the target company’s board of directors; or
  - it held 30% or more but less than 50% of the voting rights of the target company on the date the law came into force, and subsequently:
    - acquires, within 12 months, an additional interest in shares which carries 5% or more of such voting rights;
    - acquires an additional interest in shares so that the bidder’s aggregate interest carries 50% or more of such voting rights; or

- acquires an additional interest in shares which enables the bidder to appoint a majority of the members of the target company’s board of directors;
- if a bidder’s actions do not fall into the categories described above, such acquisition may qualify as an “a priori” or partial tender offer (*i.e.*, in respect of less than 100% of the issued share capital of a target company), in which case such bidder would not be required to make a tender offer in respect of 100% of the issued share capital of a target company;
- the board of directors of a target company is exempt from the rule prohibiting certain board interference with a tender offer (the “passivity rule”), provided that (i) it has been authorized by the general shareholders’ meeting to take action or enter into a transaction which could disrupt the offer, or (ii) it has been released from the passivity rule by the general shareholders’ meeting vis-à-vis bidders whose boards of directors are not subject to an equivalent passivity rule;
- defensive measures included in a listed company’s bylaws and transfer and voting restrictions included in agreements among a listed company’s shareholders will remain in place whenever the company is the target of a tender offer unless the general shareholders’ meeting resolves otherwise (in which case any shareholders whose rights are diluted or otherwise adversely affected may be entitled to compensation); and
- if, as a result of a tender offer in respect of 100% of the issued share capital of a target company, the bidder acquires an interest in shares representing at least 90% of the voting rights of the target company and the offer has been accepted by investors representing at least 90% of the voting rights of the target company (provided such voting rights are distinct from those already held by the bidder), the bidder may force the holders of the remaining share capital of the company to sell their shares. The minority holders shall also have the right to force the bidder to acquire their shares under these same circumstances.

As further described below in “—Restrictions on Acquisitions of Ordinary Shares”, since BBVA is a bank, it is necessary to obtain approval from the Bank of Spain in order to acquire a number of shares considered to be a significant participation by Law 10/2014. Also, any agreement that contemplates BBVA’s merger with another credit entity requires the authorization of the Spanish Ministry of Economy and Competitiveness. This could delay, defer or prevent a change of control of BBVA or any of its subsidiaries that are credit entities in the event of a merger.

## Exchange Controls

In 1991, Spain adopted the European Union standards for free movement of capital and services. As a result, exchange controls and restrictions on foreign investments have generally been abolished and foreign investors may transfer invested capital, capital gains and dividends out of Spain without limitation as to amount, subject to applicable taxes.

Pursuant to Spanish Law 18/1992 on Foreign Investments and Royal Decree 664/1999, foreign investors may freely invest in shares of Spanish companies, except in the case of certain strategic industries.

However, Royal Decree 664/1999 and Law 19/2003, on exchange controls and foreign transactions, as amended, require that all foreign investments in Spain (and the liquidations of such investments) be notified to the Spanish Registry of Foreign Investments (*Registro de Inversiones Exteriores*) for administrative statistical and economical purposes. In particular, shares in Spanish companies acquired or held by foreign investors must be reported to the Spanish Registry of Foreign Investments by the depositary bank or relevant Iberclear participating entity. Moreover, when a foreign investor acquires shares in a company that is subject to the reporting requirements of the CNMV, such foreign investor must also give notice directly to the CNMV and, if applicable, to the relevant Spanish Stock Exchanges if such acquisition results in such foreign investor exceeding certain ownership thresholds (see “—Reporting Requirements”).

In certain circumstances, the Council of Ministers may agree to suspend the application of Royal Decree 664/1999, if the investments, due to their nature, form or condition, affect or may potentially affect activities relating to the exercise of public powers, national security or public health. Law 19/2003 authorizes the Spanish government to impose specific limits or prohibitions, related to specific third countries, when such measures have been previously approved by the European Union or by an international organization to which Spain is member. Should the general regime be suspended, the affected investor shall obtain prior administrative authorization.

Investment by foreigners domiciled in enumerated tax haven jurisdictions (as defined by applicable Spanish regulations) is subject to special reporting requirements.



## **Restrictions on Acquisitions of Ordinary Shares**

BBVA's bylaws do not provide any restrictions on the ownership of ordinary shares. Because BBVA is a Spanish bank, however, the acquisition or disposition of a significant participation of BBVA shares is subject to certain restrictions. Such restrictions may impede a potential acquirer's ability to acquire BBVA shares and gain control of BBVA.

Pursuant to Law 10/2014, any individual or corporation, acting alone or in concert with others, intending to directly or indirectly acquire a significant holding in a Spanish financial institution (as defined in article 16 of Law 10/2014) or to directly or indirectly increase its holding in such way that either the percentage of voting rights or of capital owned were equal to or more than any of the thresholds of 20%, 30% or 50%, or by virtue of the acquisition, might take control over the financial institution, must first notify the Bank of Spain. For the purpose of this Law, a significant participation is considered to be 10% of the outstanding share capital or voting rights of a financial institution or a lower percentage if such holding allows for the exercise of a significant influence. Secondary legislation will specify when "significant influence" exists; in any case, according to Royal Decree 84/2015, of February 13, the capacity to appoint or dismiss a Board member will be considered "significant influence".

The Bank of Spain will be responsible for evaluating the proposed transaction, in accordance with the terms established by Law 10/2014 (as stated in Article 18.1 of Law 10/2014) with a view to guaranteeing the sound and prudent operation of the target financial institution. The Bank of Spain will then submit a proposal to the European Central Bank, which will be in charge of deciding upon the proposed transaction in the term of 60 business days after the date on which the notification was received.

Any acquisition made without such prior notification, or conducted before 60 business days have elapsed since the date of such notification, or made in circumstances where the European Central Bank has objected, will produce the following results:

- the acquired shares will have no voting rights;
- if considered appropriate, the target bank may be taken over by the relevant regulator or its directors replaced in accordance with Title III of Law 10/2014; and
- a sanction may be imposed under Title IV of Law 10/2014.

Any individual or institution that intends to sell its significant participation in a bank or reduce its participation below the above-mentioned percentages, or which, because of such sale, will lose control of the entity, must give prior notice to the Bank of Spain, indicating the amount it intends to sell and the period in which the transaction is to be executed. Non-compliance with this requirement may result in sanctions.

Furthermore, pursuant to Law 10/2014, any natural or legal person, or such persons acting in concert, who has acquired, directly or indirectly, a holding in a Spanish bank so that the proportion of the voting rights or of the capital held reaches or exceeds 5%, must immediately notify in writing the Bank of Spain and the relevant Spanish bank, indicating the size of the acquired holding.

## **Shareholders' Agreements**

Royal Legislative Decree 4/2015 of October 23, as amended (the "Spanish Securities Market Act") and the Spanish Companies Act require parties to disclose certain types of shareholders' agreements that affect the exercise of voting rights at a general shareholders' meeting or contain restrictions or conditions on the transferability of shares or bonds that are convertible or exchangeable into shares. If any shareholders enter into such agreements with respect to BBVA's shares, they must disclose the execution, amendment or extension of such agreements to BBVA and the CNMV and file such agreements with the appropriate Commercial Registry. Failure to comply with these disclosure obligations renders any such shareholders' agreement unenforceable and constitutes a material infringement of the Spanish Securities Market Act. In particular, a shareholders' agreement will have no effect with respect to the regulation of the right to vote in general shareholders' meetings and restrictions or conditions on the free transferability of shares and bonds convertible into shares until such time as the aforementioned disclosure and filing are made.

Upon request by the interested parties, the CNMV may waive the requirement to disclose and file a shareholder's agreement when making the shareholders' agreement public could cause harm to the affected company.

**Payment of Taxes**

Holders of ordinary shares will be responsible for any taxes or other governmental charges payable on their ordinary shares, including any taxes payable on transfer. The paying agent or the transfer agent, as the case may be, may, and upon instruction from BBVA, will:

- refuse to effect any registration of transfer of such ordinary shares or any split-up or combination thereof until such payment is made; or
- withhold or deduct from any distributions on such ordinary shares or sell for the account of the holder thereof any part or all of such ordinary shares (after attempting by reasonable means to notify such holder prior to such sale), and apply, after deduction for its reasonable expenses incurred in connection therewith, the net proceeds of any such sale in payment of such tax or other governmental charge, the holder of such ordinary shares remaining liable for any deficiency.

**Exercise of Spanish Bail-in Power and other Resolution Tools**

Our ordinary shares (including those represented by ADSs) may be subject to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority, which may include and result in any of the following, or some combination thereof: (1) the cancellation of such securities; (2) the transfer of such securities to creditors of BBVA; (3) the conversion of other securities or obligations of BBVA into ordinary shares of BBVA thereby diluting the shareholding of the holders of ordinary shares; and (4) the variation of the terms of such securities or the rights of the holders thereunder, including to give effect to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority. The applicable prospectus supplement may describe in further detail the effect that the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority may have on our ordinary shares and the rights of the holders (including the beneficial owners) thereof.

## DESCRIPTION OF BBVA AMERICAN DEPOSITARY SHARES

The depositary, The Bank of New York Mellon, registers and delivers BBVA ADSs. Each BBVA ADS represents an ownership interest in one ordinary share. The ordinary shares will be deposited with BBVA, The Bank of New York Mellon's custodian in Spain. Each BBVA ADS will also represent securities, cash or other property deposited with The Bank of New York Mellon but not distributed to BBVA ADS holders. The Bank of New York Mellon's corporate trust office is located at 240 Greenwich Street, New York, NY 10286 and its principal executive office is located at One Wall Street, New York, NY 10286.

You may hold BBVA ADSs either (A) directly (i) by having an American Depositary Receipt, also referred to as a BBVA ADR, which is a certificate evidencing a specific number of BBVA ADSs, registered in your name, or (ii) by having BBVA ADSs registered in your name in the Direct Registration System ("DRS"), or (B) indirectly by holding a security entitlement in BBVA ADSs through your broker or other financial institution. If you hold BBVA ADSs directly, you are an ADS registered holder. The information provided in this section "Description of BBVA American Depositary Shares" assumes you are an ADS registered holder. If you hold the BBVA ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of BBVA ADS registered holders described herein. You should consult with your broker or financial institution to find out what those procedures are.

The DRS is a system administered by The Depository Trust Company ("DTC") pursuant to which the depositary may register the ownership of uncertificated ADSs, which ownership will be evidenced by periodic statements sent by the depositary to the registered holders of uncertificated ADSs.

BBVA ADS holders are not BBVA shareholders and do not have shareholder rights. Because The Bank of New York Mellon will actually hold the underlying ordinary shares, you must rely on The Bank of New York Mellon to exercise the rights of a shareholder. The obligations of The Bank of New York Mellon are set out in an amended and restated deposit agreement dated as of June 29, 2007 among BBVA, The Bank of New York Mellon, as depositary, and BBVA ADS holders, which is referred to as the deposit agreement. The deposit agreement and the BBVA ADSs are governed by New York law.

The following is a summary of the deposit agreement. Because it is a summary, it does not contain all the information that may be important to you. For more complete information, you should read the entire deposit agreement and the BBVA ADR. Copies of the deposit agreement and the form of BBVA ADR are available for inspection at the corporate trust office of The Bank of New York Mellon at the address set forth above.

### **Deposit and Withdrawal of Deposited Securities**

The depositary has agreed that upon the execution in favor of the depositary or its nominee and delivery to the custodian or depositary (if to the depositary, then at the expense and risk of the depositor) of either (i) a certificate of title which has been executed by a Spanish stockbroker and, if required, certificates representing such shares to the custodian together with any documents and payments required under the deposit agreement or (ii) any other evidence of ownership of shares as recognized under the laws of Spain from time to time, and acceptable to the custodian, the depositary will have for delivery at the depositary's corporate trust office to or upon the order of the person specified by the depositor at the address set forth above, upon payment of the fees, charges and taxes provided in the deposit agreement, registered in the name of such person or persons as specified by the depositor, the number of BBVA ADSs issuable in respect of such deposit.

Upon surrender of BBVA ADSs at the depositary's corporate trust office, together with written instructions from the person or persons in whose name the BBVA ADSs are registered, and upon payment of such charges as are provided in the deposit agreement and subject to its terms, the depositary will request the execution of evidence of ownership in favor of such persons designated in the written instrument and the delivery of such evidence of ownership (by book-entry transfer or physical delivery) of the deposited shares represented by the surrendered BBVA ADSs and any other property that the surrendered BBVA ADSs represent the right to receive. Such delivery is to take place at the office of the custodian or at the depositary's office as the person designated in the written instructions may request.

If a person presents for deposit shares with different distribution rights than other deposited shares, the depositary must identify them separately until such time as the distribution rights are the same.

## **Pre-Release of BBVA ADSs**

In certain circumstances, subject to the provisions of the deposit agreement, and with BBVA's written consent, The Bank of New York Mellon may execute and deliver BBVA ADSs before the deposit of the underlying shares. This is called a pre-release of the BBVA ADS. The Bank of New York Mellon may receive BBVA ADSs instead of shares to close out a pre-release.

Each pre-release will be:

- fully collateralized with cash, U.S. government securities or other collateral that The Bank of New York Mellon determines in good faith will provide substantially similar liquidity and security;
- preceded or accompanied by written representation and agreement from the person to whom BBVA ADSs are to be delivered that the person, or its customer:
  - owns the shares to be remitted;
  - assigns all beneficial rights, title and interest in such shares to the depository in its capacity as such, and for the benefit of the holders; and
  - will not take any action with respect to such shares that is inconsistent with the transfer of beneficial ownership (including, without the consent of the depository, disposing of such shares, other than in satisfaction of such pre-release);
- terminable by the depository on not more than five business days' notice; and
- subject to such further indemnities and credit regulations that The Bank of New York Mellon considers appropriate.

The Bank of New York Mellon must be able to close out the pre-release on not more than five business days' notice. In addition, The Bank of New York Mellon will limit the number of BBVA ADSs that may be outstanding at any time as a result of pre-release, although The Bank of New York Mellon may disregard the limit from time to time, if it thinks it is appropriate to do so. The Bank of New York Mellon may also, as it deems appropriate, set U.S. dollar limits with respect to any particular pre-release on a case by case basis.

The pre-release will be subject to such indemnities and credit regulations as The Bank of New York Mellon considers appropriate.

## **Dividends, Other Distributions and Rights**

The depository has agreed to pay to holders of BBVA ADSs the cash dividends or other distributions it or the custodian receives on shares or other deposited securities after deducting its fees and expenses and according to applicable law. Holders of BBVA ADSs will receive these distributions in proportion to the number of shares their BBVA ADSs represent.

*Cash.* The Bank of New York Mellon will convert all cash dividends and other cash distributions in a foreign currency that it receives in respect of the deposited securities into U.S. dollars if in its judgment it can do so on a reasonable basis and can transfer the U.S. dollars to the United States.

Before making a distribution, any withholding taxes that must be paid will be deducted. The Bank of New York Mellon will distribute only whole U.S. dollars and cents. If the exchange rates fluctuate during a time when The Bank of New York Mellon cannot convert euros, holders of BBVA ADSs may lose some or all of the value of the distribution.

*Ordinary Shares.* If a distribution by BBVA consists of a dividend in, or free distribution of, ordinary shares, The Bank of New York Mellon may, or if BBVA requests, will, subject to the deposit agreement, distribute to the holders of outstanding BBVA ADSs, in proportion to their holdings, additional BBVA ADSs representing the number of ordinary shares received as such dividend or free distribution if BBVA furnishes it with evidence that it is legal to do so. The Bank of New York Mellon will only distribute whole BBVA ADSs. It will sell ordinary shares which would require it to deliver fractional BBVA ADSs and distribute the net proceeds thereof in the same way as it does with cash. If the additional BBVA ADSs are not so distributed, each BBVA ADS will represent the additional ordinary shares distributed in respect of the ordinary shares represented by such BBVA ADS prior to such dividend or free distribution.

*Rights.* If BBVA offers or causes to be offered to the holders of shares any rights to subscribe for additional shares or any rights of any other nature, The Bank of New York Mellon will either:

- make such rights available to holders of BBVA ADSs by means of warrants or otherwise, if The Bank of New York Mellon determines that it is lawful and feasible to do so; or
- if making such rights available is determined by The Bank of New York Mellon not to be lawful and feasible, or if the rights represented by such warrants or other instruments are not exercised and appear to be about to lapse, sell such rights or warrants or other instruments:
  - on a stock exchange on which such rights are listed;
  - on an over-the-counter market on which such rights are traded; or
  - with the written approval of BBVA, at a private sale,

at such place or places and upon such terms as The Bank of New York Mellon may deem proper, and allocate the proceeds of such sales for the account of the holders of the BBVA ADSs entitled to those proceeds, upon an averaged or other practicable basis without regard to any distinctions among such holders of BBVA ADSs due to exchange restrictions, or the date of delivery of any ADSs or otherwise.

The net proceeds allocated to the holders of BBVA ADSs so entitled will be distributed to the extent practicable in the case of a distribution in cash. The Bank of New York Mellon will not offer such rights to holders of BBVA ADSs having an address in the United States unless BBVA furnishes to The Bank of New York Mellon (i) evidence that a registration statement under the Securities Act is in effect or (ii) an opinion from U.S. counsel for BBVA, in a form satisfactory to The Bank of New York Mellon, to the effect that such distribution does not require registration under the provisions of the Securities Act.

Ordinary shares issuable upon exercise of preemptive rights must be registered under the Securities Act in order to be offered to holders of BBVA ADSs. If BBVA decided not to register those ordinary shares, the preemptive rights would not be distributed to holders of BBVA ADSs. Pursuant to the deposit agreement under which the BBVA ADSs are issued, however, the depositary will use its best efforts to sell such rights that it receives and will distribute the proceeds of the sale to holders of BBVA ADSs.

*Other Distributions.* The Bank of New York Mellon will remit to holders of BBVA ADSs any other item of value BBVA distributes on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, The Bank of New York Mellon may adopt such method as it may deem equitable and practicable for the purpose of effecting such distribution. The Bank of New York Mellon may sell, publicly or privately, what BBVA distributed and distribute the net proceeds in the same way as it does with cash.

The Bank of New York Mellon is not responsible if it decides that it is unlawful or impractical to make a distribution available to any BBVA ADS holders. BBVA has no obligations to register BBVA ADSs, ordinary shares, rights or other securities under the Securities Act. BBVA also has no obligation to take any other action to permit the distribution of BBVA ADSs, ordinary shares, rights or anything else to BBVA ADS holders. This means that holders of BBVA ADSs may not receive the distribution BBVA makes on its shares or any value for them if it is illegal or impractical for BBVA to make them available to them.

## **Payment of Taxes**

Holders of BBVA ADSs will be responsible for any taxes or other governmental charges payable on their BBVA ADSs or on the deposited securities underlying their BBVA ADSs, including any taxes payable on transfer. The Bank of New York Mellon may, and upon instruction from BBVA, will:

- refuse to effect any registration of transfer of such receipt or any split-up or combination thereof or any withdrawal of such deposited securities until such payment is made; or
- withhold or deduct from any distributions on such deposited securities or sell for the account of the holder thereof any part or all of such deposited securities (after attempting by reasonable means to notify such holder prior to such sale), and apply, after deduction for its expenses incurred in connection therewith, the net proceeds of any such sale in payment of such tax or other governmental charge, the holder of such receipt remaining liable for any deficiency.



## **Record Dates**

The Bank of New York Mellon will fix a record date to establish which holders of BBVA ADSs are entitled to:

- receive a dividend, distributions or rights;
- receive the net proceeds of any sale;
- give instructions for the exercise of voting rights at any such meeting; and
- receive notice or solicitation to act in respect of any matter.

## **Voting of the Underlying Deposited Securities**

BBVA has agreed in the depositary agreement that (i) the depositary or its nominee, whichever is the registered holder of the ordinary shares represented by the BBVA ADSs, will have the same rights as any other registered holder of ordinary shares and (ii) consistent with BBVA's bylaws, BBVA will observe the right of the depositary, its nominee or registered holder of the ordinary shares to attend any ordinary or extraordinary general shareholders' meeting and to vote or cause to be voted by proxy the ordinary shares with respect to the BBVA ADSs and that BBVA will not exercise any right it may have under its bylaws to reject or in any way impair such rights.

Once The Bank of New York Mellon receives notice in English of any matter affecting holders of ordinary shares, it will mail, as soon as practicable, such notice to the holders of BBVA ADSs. The notice will (i) contain the information in the notice of meeting, (ii) explain how holders as of a certain date may instruct The Bank of New York Mellon to vote the shares underlying their BBVA ADSs and (iii) contain a statement as to the manner in which instructions may be given.

The record holders of BBVA ADSs can instruct The Bank of New York Mellon to vote the shares underlying their BBVA ADSs. The Bank of New York Mellon will try, insofar as practicable, to cause the ordinary shares so represented to be voted in accordance with any nondiscretionary written instructions of BBVA ADS record holders received.

In the event the BBVA ADS record holders do not provide written instructions by a specified date, The Bank of New York Mellon will deem the BBVA ADR holder to have instructed it to give discretionary proxy to a person designated by the BBVA Board of Directors. However, this proxy must not be given to such a person if the board informs The Bank of New York Mellon, in writing, that the board either does not wish the proxy to be given, that substantial opposition exists or that the matter at hand materially affects the rights of BBVA shareholders.

## **Facilities and Register**

The Bank of New York Mellon will maintain at its transfer office:

- facilities for the delivery and surrender of ordinary shares;
- facilities for the withdrawal of ordinary shares;
- facilities for the execution and delivery, registration, registration of transfer, combination and split-up of BBVA ADSs and the withdrawal of deposited securities; and
- a register for the registration and transfer of BBVA ADSs which, at all reasonable times, shall be open for inspection by holders of BBVA ADSs.

## **Reports and Notices**

The Bank of New York Mellon will, at BBVA's expense:

- arrange for the custodian to provide The Bank of New York Mellon copies in English of any reports and other communications that are generally made available by BBVA to holders of ordinary shares; and
- arrange for the mailing of such copies to all holders of BBVA ADSs.

BBVA has delivered to The Bank of New York Mellon and the custodian a copy of the provisions of or governing ordinary shares. Promptly after any amendment, BBVA will deliver to The Bank of New York Mellon and the custodian a copy in English of such amended provisions. The Bank of New York Mellon may rely upon such copy for all the purposes of the deposit agreement.

The Bank of New York Mellon will, at BBVA's expense, make available for inspection by BBVA ADS holders at the corporate trust office, the office of the custodian and at any other designated transfer office any reports and communications received from BBVA that are made generally available to holders of ordinary shares.

### Amendment and Termination of the Deposit Agreement

The BBVA ADSs and the deposit agreement may at any time be amended by agreement between BBVA and The Bank of New York Mellon.

Any amendment that would impose or increase any charges (other than transmission and delivery charges incurred at the request of depositors of ordinary shares or holders of BBVA ADSs, transfer, brokerage, registration fees and charges in connection with conversion of currencies, and taxes and other governmental charges) or that will otherwise prejudice any substantial existing right of BBVA ADS holders will not become effective as to outstanding BBVA ADRs until three months have expired after notice of such amendment has been given to the holders of the BBVA ADRs.

In no event will any amendment impair the right of any BBVA ADS holder to surrender such BBVA ADSs and receive in return the ordinary shares and other property which those surrendered BBVA ADSs represent, except in order to comply with mandatory provisions of applicable law.

At BBVA's direction, The Bank of New York Mellon will terminate the deposit agreement by giving notice of such termination to the record holders of BBVA ADSs at least 30 days prior to the date fixed in that notice for the termination. The Bank of New York Mellon may terminate the deposit agreement at any time commencing 90 days after delivery of a written resignation, provided that no successor depositary has been appointed and no successor depositary has accepted its appointment before the end of those 90 days.

After the date that has been fixed for termination, The Bank of New York Mellon and its agents will perform no further acts under the deposit agreement, other than:

- advise record holders of BBVA ADSs of such termination;
- receive and hold distributions on ordinary shares; and
- deliver ordinary shares and distributions in exchange for BBVA ADSs surrendered to The Bank of New York Mellon.

As soon as practicable after the expiration of six months from the date that has been fixed for termination, The Bank of New York Mellon will sell ordinary shares and other deposited securities and may hold the net proceeds of any such sale together with any other cash then held by it under the provisions of the deposit agreement, without liability for interest, for the *pro rata* benefit of the holders of BBVA ADRs that have not yet surrendered their BBVA ADRs.

### Fees and Expenses

The table below sets forth the fees payable, either directly or indirectly, by a holder of ADSs:

Category	Depositary Actions	Associated Fee / By Whom Paid
(a) Depositing or substituting the underlying shares	Issuance of ADSs	Up to \$5.00 for each 100 ADSs (or portion thereof) delivered (charged to person depositing the shares or receiving the ADSs)
(b) Receiving or distributing dividends	Distribution of cash dividends or other cash distributions; distribution of share dividends or other free share distributions; distribution of securities other than ADSs or rights to purchase additional ADSs	Not applicable
(c) Selling or exercising rights	Distribution or sale of securities	Not applicable
(d) Withdrawing an underlying security	Acceptance of ADSs surrendered for withdrawal of deposited securities	Up to \$5.00 for each 100 ADSs (or portion thereof) surrendered (charged to person surrendering or to person to whom withdrawn securities are being delivered)
(e) Transferring, splitting or grouping receipts	Transfers, combining or grouping of depositary receipts	Not applicable

<u>Category</u>	<u>Depositary Actions</u>	<u>Associated Fee / By Whom Paid</u>
(f) General depositary services, particularly those charged on an annual basis	Other services performed by the depositary in administering the ADSs	Not applicable
(g) Expenses of the Depositary	<p>Expenses incurred on behalf of holders in connection with</p> <ul style="list-style-type: none"> <li>● stock transfer or other taxes (including Spanish income taxes) and other governmental charges;</li> <li>● cable, telex and facsimile transmission and delivery charges incurred at request of holder of ADS or person depositing shares for the issuance of ADSs;</li> <li>● transfer, brokerage or registration fees for the registration of shares or other deposited securities on the share register and applicable to transfers of shares or other deposited securities to or from the name of the custodian;</li> <li>● reasonable and customary expenses of the depositary in connection with the conversion of foreign currency into U.S. dollars</li> </ul>	Expenses payable by holders of ADSs or persons depositing shares for the issuance of ADSs; expenses payable in connection with the conversion of foreign currency into U.S. dollars are payable out of such foreign currency

The depositary collects its fees for delivery and surrender of BBVA ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the depositary may make payments to us to reimburse and/or share revenue from the fees collected from ADS holders, or waive fees and expenses for services provided, generally relating to costs and expenses arising out of establishment and maintenance of the BBVA ADS program. In performing its duties under the deposit agreement, the depositary may use brokers, dealers or other service providers that are affiliates of the depositary and that may earn or share fees or commissions.

### **Limitations on Obligations and Liability to BBVA ADS Holders**

The deposit agreement expressly limits BBVA's obligations and the obligations of The Bank of New York Mellon, and it limits BBVA's liability and the liability of The Bank of New York Mellon. BBVA and The Bank of New York Mellon:

- are only obligated to take the actions specifically set forth in the deposit agreement without negligence or bad faith;
- are not liable for any action or inaction if either relies upon the advice of, or information from, legal counsel, accountants, any person presenting shares for deposit, any holder, or any other person believed to be competent to give such advice or information;
- are not liable if either is prevented or delayed by law or circumstances beyond their control from performing their obligations under the deposit agreement;
- are not liable if either exercises discretion permitted under the deposit agreement;
- have no obligation to become involved in a lawsuit or other proceeding related to the BBVA ADSs or the deposit agreement on behalf of holders of BBVA ADSs or on behalf of any other party; and
- may rely upon any documents they believe to be genuine and to have been signed or presented by the proper party.

The Bank of New York Mellon will not be liable for its failure to carry out any instructions to vote BBVA's securities or for the effects of any such vote.

## **Other General Limitations on Liability to BBVA ADS Holders**

Neither The Bank of New York Mellon, its agents, nor BBVA will incur any liability if prevented or delayed in performing its obligations under the deposit agreement by reason of:

- any present or future law;
- any act of God;
- a war;
- the threat of any civil or criminal penalty; or
- any other circumstances beyond their respective control.

The obligations and liabilities of BBVA and its agents and The Bank of New York Mellon and its agents under the deposit agreement are expressly limited to performing their respective obligations specifically set forth and undertaken by them to perform in the deposit agreement without negligence or bad faith.

In the deposit agreement, BBVA and The Bank of New York Mellon agree to indemnify each other under certain circumstances.

## **General**

The Bank of New York Mellon will act as registrar of the BBVA ADSs or, upon BBVA's request or approval, appoint a registrar or one or more co-registrars for registration of the BBVA ADRs evidencing the BBVA ADSs in accordance with the requirements of NYSE or of any other stock exchange on which the BBVA ADSs may be listed. Such registrars or co-registrars may be removed and a substitute or substitutes appointed by The Bank of New York Mellon upon BBVA's request or with BBVA's approval.

Any transfer of the BBVA ADSs is registrable on the books of The Bank of New York Mellon. However, The Bank of New York Mellon may close the transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties or at BBVA's request.

As a condition precedent to the execution and delivery, registration of transfer, split-up or combination of any BBVA ADS or the delivery of any distribution or the withdrawal of any ordinary shares or any property represented by the BBVA ADS, The Bank of New York Mellon or the custodian may, and upon BBVA's instructions will, require from the BBVA ADR holder or the presenter of the BBVA ADS or the depositor of the ordinary shares:

- payment of a sum sufficient to pay or reimburse the custodian, The Bank of New York Mellon or BBVA for any tax or other governmental charge and any stock transfer or brokerage fee or any charges of the depositary upon delivery of the BBVA ADS or upon surrender of the BBVA ADS, as set out in the deposit agreement;
- the production of proof satisfactory to The Bank of New York Mellon or custodian of:
  - identity or genuineness of any signature; and
  - citizenship, residence, exchange control approval, and legal or beneficial ownership;
- compliance with all applicable laws and regulations including the delivery of any forms required by Spanish law or custom in connection with the execution or delivery of evidence of ownership, with all applicable provisions of or governing the shares or any other deposited securities and with the terms of the deposit agreement; or
- other information deemed necessary or proper.

The delivery, registration of transfer, split-up or combination of BBVA ADSs, or the deposit or withdrawal of shares or other property represented by BBVA ADSs, in any particular instance or generally, may be suspended during any period when the BBVA ADSs register is closed, or when such action is deemed necessary or advisable by The Bank of New York Mellon or BBVA at any time or from time to time.

Holders have the right to cancel their BBVA ADSs and withdraw the underlying shares at any time except:

- when temporary delays arise because The Bank of New York Mellon or BBVA has closed its transfer books or the deposit of shares in connection with voting at a shareholders' meeting or the payment of dividends;
- when BBVA ADS holders owe money to pay fees, taxes and similar charges; or

- when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to BBVA ADSs or to the withdrawal of shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

The Bank of New York Mellon, upon BBVA's request or with BBVA's approval, may appoint one or more co-transfer agents for the purpose of effecting registrations of transfers, combinations and split-ups of BBVA ADSs at designated transfer offices on behalf of The Bank of New York Mellon. In carrying out its functions, a co-transfer agent may require evidence of authority and compliance with applicable laws and other requirements by holders of BBVA ADSs and will be entitled to protection and indemnity to the same extent as The Bank of New York Mellon.

### **Direct Registration System**

In the deposit agreement, all parties to the deposit agreement acknowledge that the DRS and Profile Modification System ("Profile") will apply to uncertificated BBVA ADSs upon acceptance thereof to DRS by DTC. DRS is the system administered by DTC pursuant to which the depository may register the ownership of uncertificated ADSs, which ownership will be evidenced by periodic statements sent by the depository to the registered holders of uncertificated ADSs. Profile is a required feature of DRS which allows a DTC participant, claiming to act on behalf of a registered holder of uncertificated ADSs, to direct the depository to register a transfer of those ADSs to DTC or its nominee and to deliver those ADSs to the DTC account of that DTC participant without receipt by the depository of prior authorization from the ADS registered holder to register that transfer.

In connection with the arrangements and procedures relating to DRS and Profile, the parties to the deposit agreement understand that the depository will not verify, determine or otherwise ascertain that the DTC participant that is claiming to be acting on behalf of a BBVA ADS registered holder in requesting registration of transfer and delivery described in the paragraph above has the actual authority to act on behalf of the ADS registered holder (notwithstanding any requirements under the Uniform Commercial Code). In the deposit agreement, the parties agree that the depository's reliance on and compliance with instructions received by the depository through DRS and Profile and in accordance with the deposit agreement, will not constitute negligence or bad faith on the part of the depository.

### **BBVA ADSs Outstanding**

As of June 20, 2019, there were 282,879,673 BBVA ADSs outstanding.

### **Exercise of Spanish Bail-in Power and other Resolution Tools**

The ordinary shares of BBVA underlying the ADSs may be subject to the exercise of the Spanish Bail-in Power. See "Description of BBVA Ordinary Shares—Exercise of Spanish Bail-in Power and other Resolution Tools."



## DESCRIPTION OF RIGHTS TO SUBSCRIBE FOR ORDINARY SHARES

We may issue rights to subscribe for our ordinary shares (including in the form of ADSs). The applicable prospectus supplement will describe the specific terms relating to such subscription rights and the terms of the offering, including, where applicable, some or all of the following:

- the title of the subscription rights;
- the exercise price for the subscription rights;
- the aggregate number of subscription rights issued;
- a discussion of the material U.S. federal, Spanish or other income tax considerations, as well as considerations under the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”), applicable to the issuance of ordinary shares together with statutory subscription rights or the exercise of the subscription rights;
- any other terms of the subscription rights, including terms, procedures and limitations relating to the exercise of the subscription rights;
- the terms of the ordinary shares corresponding to the subscription rights;
- information regarding the trading of subscription rights, including the stock exchanges, if any, on which the subscription rights will be listed;
- the record date, if any, to determine who is entitled to the subscription rights and the ex-rights date;
- the period during which the subscription rights may be exercised;
- the extent to which the offering includes a contractual over-subscription privilege with respect to unsubscribed securities; and
- the material terms of any standby underwriting arrangement we enter into in connection with the offering.

## DESCRIPTION OF THE NOTES OF BBVA

This section describes the general terms and provisions of the indenture dated as of July 28, 2016 (the “senior indenture”) between BBVA as issuer and The Bank of New York Mellon as trustee, which sets forth certain provisions with respect to the senior notes that may be offered by BBVA, the indenture dated as of June 25, 2019 (the “senior non-preferred indenture”) between BBVA as issuer and The Bank of New York Mellon as trustee, which sets forth certain provisions with respect to the senior non-preferred notes that may be offered by BBVA and the indenture dated as of July 28, 2016 (the “subordinated indenture”) between BBVA as issuer and The Bank of New York Mellon as trustee, which sets forth certain provisions with respect to the subordinated notes that may be offered by BBVA. In this section “Description of the Notes of BBVA”, we will refer to the senior notes, the senior non-preferred notes and the subordinated notes as the “notes” and the senior indenture, the senior non-preferred indenture and the subordinated indenture as the “indentures”. In this section, “Description of the Notes of BBVA,” the term “holder” shall mean the person in whose name the notes are registered, unless otherwise indicated herein or in the applicable prospectus supplement. A prospectus supplement will describe the specific terms of a particular series of notes and any general terms outlined in this section that will not apply to those notes. If there is any conflict between the prospectus supplement and this prospectus, then the terms and provisions in the prospectus supplement apply unless they are inconsistent with the terms of the indentures or the supplemental indenture or Board resolution creating a particular series of notes.

Material information about the notes and indentures is summarized below and in the applicable prospectus supplement. Because this is only a summary, however, it does not contain all the details found in the full text of the indentures and the notes. If you would like additional information, you should read the indentures and the notes as well as the supplemental indenture or Board resolution creating a particular series of notes or the officer’s certificate for such series. Whenever we refer to specific provisions of or terms defined in the indentures in this prospectus we incorporate by reference into this prospectus such specific provisions of or terms defined in the indentures.

BBVA may issue future notes under other indentures or documentation which contain provisions different from those included in the indentures described here. BBVA is not prohibited under the notes or indentures from paying any amounts due under any of its obligations at a time when they are in default or have failed to pay any amounts due under the notes or indentures.

The senior notes will be issued under the senior indenture, the senior non-preferred notes will be issued under the senior non-preferred indenture and the subordinated notes will be issued under the subordinated indenture. Each of such indentures has been filed with the SEC as an exhibit to the registration statement that includes this prospectus and is qualified under the Trust Indenture Act. Under the provisions of the Trust Indenture Act, if the same institution acts as trustee under more than one indenture of BBVA (such as the senior indenture, the senior non-preferred indenture, the subordinated indenture or the contingent convertible preferred securities indenture), upon a default in any series of securities issued under any such indenture, the trustee may be deemed to have a conflicting interest and may be required to resign under any other indentures and a successor trustee will be appointed thereunder.

### General

The indentures do not limit the aggregate principal amount of notes that BBVA may issue under them.

Neither the indentures nor the notes will limit or otherwise restrict the amount of other indebtedness or other securities which BBVA or any of its subsidiaries may incur or issue. BBVA can issue notes from time to time in one or more series, up to any aggregate principal amount that BBVA may authorize. The notes will be direct, unconditional and unsecured debt obligations of BBVA.

The indentures provide that there may be more than one trustee under such indentures, each with respect to one or more series of notes. Any trustee may resign or be removed with respect to any series of notes issued under the indentures and a successor trustee may be appointed.

BBVA or any of its subsidiaries may at any time purchase senior notes, senior non-preferred notes or subordinated notes at any price in the open market or otherwise in accordance with prevailing Spanish law and the Bank of Spain’s requirements or, in the case of the subordinated notes or senior non-preferred notes, the Applicable Banking Regulations (as defined herein).

## Terms of the Notes Specified in the Applicable Prospectus Supplement

The applicable prospectus supplement will describe the terms of the offered notes, including, where applicable, some or all of the following:

- the title of the notes and series in which these notes will be included;
- any limit on the aggregate principal amount of the notes;
- with respect to a series of senior notes or subordinated notes, whether the notes may be converted into or exercised or exchanged for debt or equity securities of BBVA or one or more third parties, the terms on which conversion, exercise or exchange may occur, including whether conversion, exercise or exchange is mandatory, at the option of the holder or at BBVA's option, the period during which conversion, exercise or exchange may occur, the initial conversion, exercise or exchange price or rate and the circumstances or manner in which the amount of securities issuable or deliverable upon conversion, exercise or exchange may be adjusted;
- the price or prices (expressed as a percentage of the aggregate principal amount thereof) at which the notes will be issued;
- if any of the notes are to be issuable in global form, when they are to be issuable in global form and (i) whether beneficial owners of interests in such notes may exchange such interests for notes of the same series and of like tenor and of any authorized form and denomination, and the circumstances under which any such exchanges may occur; (ii) the name of the depository with respect to any global note; and (iii) the form of any legend or legends that must be borne by any such note in addition to or in lieu of that set forth in the relevant indenture;
- the date or dates, or the method or methods, if any, by which such date or dates will be determined, on which the principal of the offered notes is payable and, if other than the full principal amount thereof, the portion payable or the method or methods by which the portion of the principal amount of the notes payable on such date or dates is determined;
- the rate or rates (which may be fixed or variable) at which the offered notes will bear interest, if any, or the method or methods, if any, by which such rate or rates will be determined and the basis upon which interest will be calculated if other than on the basis of a 360-day year of twelve 30-day months;
- the date or dates from which interest on the notes, if any, will accrue or the method or methods, if any, by which such date or dates will be determined;
- the date or dates on which such interest, if any, will be payable, the date or dates on which payment of such interest, if any, will commence and the regular record dates for the interest payment dates, if any;
- whether and under what circumstances additional amounts on the notes must be payable;
- the notice, if any, to holders of the notes regarding the determination of interest on a floating rate note and the manner of giving such notice;
- if certificates representing the notes will be issued in temporary or permanent global form, the manner in which any principal, premium, if any, or interest payable on those global notes will be paid if other than as provided in the indentures;
- each office or agency where, subject to the terms of the indenture, the principal, premium and interest, if any, and additional amounts, if any, on the notes will be payable, where the notes may be presented for registration of transfer or exchange and where notices or demands to or upon BBVA in respect of the notes or the indenture may be served;
- whether any of the notes are to be redeemable at the option of BBVA or, with respect to a series of senior notes or subordinated notes, of the holder thereof (including pursuant to any redemption provisions in addition to those set forth in the prospectus) and, if so, the period or periods within which, the price or prices at which and the other terms and conditions upon which such notes may be redeemed, in whole or in part, at the option of BBVA or, with respect to a series of senior notes or subordinated notes, the holder and the terms and provisions of such redemption;
- with respect to a series of senior notes or subordinated notes, whether BBVA is obligated to redeem or purchase any of such notes pursuant to any sinking fund or analogous provision or at the option of any holder thereof and, if so, the period or periods within which, the price or prices at which and the other terms and conditions upon which such notes must be redeemed or purchased, in whole or in part, pursuant to such obligation, and any provisions for the remarketing of such notes;

- the denomination in which the notes will be issuable;
- whether any of the notes will be issued as original issue discount notes;
- if other than the principal amount thereof, the portion of the principal amount of any of such notes that shall be payable upon declaration of acceleration of maturity thereof or the method by which such portion is to be determined;
- if other than U.S. dollars, the currencies or currency units or composite currencies in which the principal, premium, if any, interest, if any, and additional amounts, if any, for the notes will be payable and the manner of determining the equivalent of such currencies in U.S. dollars;
- whether the notes are senior notes issued pursuant to the senior indenture, senior non-preferred notes issued pursuant to the senior non-preferred indenture or subordinated notes issued pursuant to the subordinated indenture or whether the relevant prospectus supplement includes notes of each such type;
- if BBVA or a holder may elect payment of the principal, premium, and interest or additional amounts, if any, on the notes in a currency or currencies, currency unit or units or composite currency different from the one in which the notes are denominated or stated to be payable, the period or periods within which and terms and conditions on which such election may be made, as well as the time and manner of determining the exchange rate;
- whether the amount of payments of principal of, premium and interest, if any, on or any additional amounts on the notes may be determined with reference to an index, formula or other method or methods which may, but need not be, based on one or more currencies, currency units or composite currencies, commodities, equity or other indices, and, if so, the terms and conditions upon which and the manner in which these amounts will be determined;
- any deletions, modifications or additions to the events of default or covenants of BBVA with respect to the notes set forth in the relevant indenture;
- with respect to a series of senior notes or subordinated notes, the defeasance provisions of the relevant indenture applicable to such notes and any provisions in modification of, in addition to or in lieu of any of the defeasance provisions of the relevant indenture;
- if any notes are to be issuable upon the exercise of warrants, the time, manner and place for such notes to be authenticated and delivered;
- if any of the notes are to be issuable in global form and are to be issuable in definitive form (whether upon original issue or upon exchange of a temporary note) only upon receipt of certain certificates or other documents or satisfaction of other conditions, then the form and terms of such certificates, documents or conditions;
- the identity of the trustee(s) and, if other than the applicable trustee, the identity of each security registrar, paying agent and authenticating agent;
- the “Stated Intervals” and the “Record Date” for purposes of Sections 312(a) (in the case of non-interest bearing notes) and 316(c), respectively, of the Trust Indenture Act;
- the deed of issuance (*escritura de emisión*), if required, which shall be in Spanish language, related to the notes;
- any material U.S. federal or Spanish income tax considerations applicable to the notes to the extent not described in this prospectus;
- any deletions from (which may be in its entirety), modifications or additions to the additional amounts payable with respect to the notes; and
- any other terms of the notes, which shall not be inconsistent with the provisions of the relevant indenture (as amended, if applicable, by the relevant supplemental indenture).

BBVA may issue notes as original issue discount notes. An original issue discount note is a note, including a zero coupon note, offered at a discount from the principal amount of the note due at its maturity. The applicable prospectus supplement will describe the amount payable in the event of an acceleration and other special factors applicable to any original issue discount notes.

## Payments of Additional Amounts

Unless otherwise specified in the applicable prospectus supplement, any amounts to be paid with respect to the notes shall be paid without withholding or deduction for or on account of any and all present or future taxes or duties of whatever nature unless such withholding or deduction is required by law. Except as otherwise provided herein, in the event any such withholding or deduction is imposed or levied on any payment on senior notes or subordinated notes or on payment of interest on senior non-preferred notes, by or on behalf of Spain or any political subdivision or authority thereof or therein having the power to tax, BBVA will pay to the relevant holder such additional amounts as may be necessary in order that the net amounts received by the holder, after such withholding or deduction equals, in the case of senior notes and the subordinated notes, the respective amounts of principal, premium, if any, interest, if any, and sinking fund payments, if any, and in the case of senior non-preferred notes, the amount of interest, if any, which would otherwise have been receivable in respect of the notes in the absence of such withholding or deduction; except that no such additional amounts will be payable with respect to any note:

(a) to, or to a third party on behalf of, a holder who is liable for such taxes or duties by reason of such holder (or the beneficial owner for whose benefit such holder holds such note) having some connection with Spain other than the mere holding of such note (or such beneficial interest) or the mere crediting of the note to such holder's account; or

(b) presented for payment (where presentation is required) more than 30 days after the Relevant Date (as defined herein) except to the extent that the holder would have been entitled to additional amounts on presenting the same for payment on such thirtieth day assuming that day to have been a business day in such place of presentment; or

(c) in respect of any tax, assessment or other governmental charge that would not have been imposed but for the failure by the holder or beneficial owner of that note to comply with certification, information or other reporting requirements concerning the nationality, residence or identity of the holder or beneficial owner of that note, if compliance is required by statute or by regulation of Spain or of any political subdivision or taxing authority thereof or therein as a precondition to reduction of or relief or exemption from the tax, assessment or other governmental charge; or

(d) presented for payment (where presentation is required) by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant note to another paying agent; or

(e) in the event that such note is redeemed pursuant to a Redemption for Failure to List (as such term is defined below under “—Redemption—Early Redemption of Senior Notes, Senior Non-Preferred Notes and Subordinated Notes for Listing Reasons”).

Additional amounts will also not be paid with respect to any payment to a holder who is a fiduciary, partnership, limited liability company or person other than the sole beneficial owner of that payment, to the extent such payment would be required by the laws of Spain (or any political subdivision thereof) to be included in the income, for Spanish tax purposes, of a beneficiary or settlor with respect to such fiduciary, member of such partnership, interest holder in that limited liability company or a beneficial owner who would not have been entitled to such additional amounts had it been the holder.

No additional amounts will be paid by BBVA or any paying agent on account of any deduction or withholding from a payment on, or in respect of, the notes where such deduction or withholding is imposed pursuant to any agreement with the U.S. Internal Revenue Service in connection with Sections 1471-1474 of the Code (as defined herein) and the U.S. Treasury regulations thereunder (“FATCA”), any intergovernmental agreement between the United States and Spain or any other jurisdiction with respect to FATCA, or any law, regulation or other official guidance enacted in any jurisdiction implementing, or relating to, FATCA or any intergovernmental agreement.

As used above, “Relevant Date” means the date on which any payment first becomes due and payable, except that if the full amount of the moneys payable has not been received by the paying agent on or prior to such due date, it means the first date on which, the full amount of such moneys having been so received and being available for payment to the holders and notice to that effect is duly given to the holders in accordance with the provisions set forth under “—Notices” below.

Any reference to, in the case of senior notes and the subordinated notes, principal, interest, premium or sinking funds, and, in the case of senior non-preferred notes, interest, shall be deemed to include additional amounts to the extent payable in respect thereof.

## **Redemption**

The applicable prospectus supplement will indicate, if applicable, the date or dates on or after which, or the period or periods, if any, during which and the price or prices at which BBVA or, with respect to a series of senior notes or subordinated notes, the holders of the notes may, pursuant to any redemption provisions in addition to those set forth below, redeem the notes, and the other terms and provisions of such redemption.

### ***Common Terms***

BBVA may, subject to the restrictions described in this section and, in the case of subordinated notes, to the prior approval of the relevant authority and, in the case of the senior non-preferred notes, in compliance with Applicable Banking Regulations (as defined below) and, if required, with the prior consent of the Regulator (as defined below), redeem the notes of any series it has issued. Subject to such restrictions, BBVA may, at its option, redeem the notes of any series, in each case at any time with not less than 30 days nor more than 60 days' notice (90 days' notice with respect to the senior non-preferred notes of any series) given in the manner described under “—Notices” below and in the applicable prospectus supplement and indenture.

Except as otherwise specified below or in the relevant prospectus supplement, the redemption price will be equal to 100% of the principal amount (or such other redemption amount as may be specified in the applicable prospectus supplement) plus interest accrued to the date fixed for redemption.

If BBVA or, with respect to a series of senior notes or subordinated notes, the holders (where applicable) elect to redeem the notes of any series, the applicable redemption price will become due and payable on such notes or portion thereof to be redeemed and, if applicable, they will cease to accrue interest from the redemption date, unless BBVA fails to pay the redemption price on such redemption date.

If BBVA or, with respect to a series of senior notes or subordinated notes, the holders (where applicable) have elected to redeem the notes of any series but prior to the deposit with the trustee or with a paying agent, as the case may be, of the redemption price with respect to such redemption (or in the case of senior non-preferred notes, prior to the payment of the redemption price to the holders) the Relevant Spanish Resolution Authority exercises its Spanish Bail-in Power with respect to such notes, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect, and no payment of the redemption price (and any accrued interest and additional amounts payable under the relevant indenture) will be due and payable.

### ***Early Redemption of Senior Notes, Senior Non-Preferred Notes and Subordinated Notes for Taxation Reasons***

Unless otherwise provided in the notes of any series, all (but not less than all) of the senior notes or subordinated notes of any series, and all or part of the senior non-preferred notes of any series, may be redeemed at the option of BBVA, if, as a result of any change in or amendment to the laws or regulations of Spain (including any treaty to which Spain is a party) or any political subdivision or any authority or agency thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change, amendment, application or interpretation becomes effective on or after the date of the applicable prospectus supplement (or, in the case of senior non-preferred notes, on or after the issue date), either (i) BBVA would become obligated to pay additional amounts in making any payments under the notes, as described in the section entitled “—Payments of Additional Amounts” above, with respect to such payment, or (ii) BBVA would not be entitled to claim a deduction in computing tax liabilities in Spain in respect of any interest to be paid on the next interest payment date on such notes or the value of such deduction to BBVA would be materially reduced, *provided* that in the case of (i) above BBVA is not permitted to give notice to the trustee of the redemption earlier than 60 days (90 days with respect to the senior non-preferred notes of any series) prior to the earliest date on which BBVA would be obligated to deduct or withhold tax or pay additional amounts were a payment on the notes then due.

### ***Early Redemption of Senior Notes, Senior Non-Preferred Notes and Subordinated Notes for Listing Reasons***

If any series of notes is not listed on an organized market in an Organization for Economic Co-operation and Development (“OECD”) country by the date that is 45 days prior to the initial interest payment date on such



series of notes, BBVA may, at its option and having given no less than 15 days' notice (which notice will be irrevocable) to the holders of such series of notes (ending on a day which is no later than the business day immediately preceding such initial interest payment date) in accordance with the terms described below under "—Notices" and in the applicable prospectus supplement and indenture, redeem all (but not less than all) of the outstanding notes of such series (any such redemption, a "Redemption for Failure to List") at the redemption price; *provided* that from and including the issue date of the notes of such series to and including such interest payment date, BBVA will use its reasonable efforts to obtain or maintain such listing, as applicable.

In the event of a Redemption for Failure to List, if required by the relevant Spanish law and regulation, BBVA will withhold tax and will pay interest in respect of the principal amount of the notes redeemed net of the Spanish withholding tax applicable to such payments (currently 19%). If this were to occur, BBVA would not pay additional amounts and beneficial owners would have to follow the procedures set forth in the relevant prospectus supplement in order to apply directly to the Spanish tax authorities for any refund to which they may be entitled.

#### ***Early Redemption of Senior Non-Preferred Notes upon an Eligible Liabilities Event***

BBVA may redeem all (but not less than all) of the senior non-preferred notes of a series at the redemption price if an Eligible Liabilities Event (as defined below) occurs on or after the issue date of such senior non-preferred notes.

"Eligible Liabilities Event" means, when used with respect to the senior non-preferred notes of any series, a change (or any pending change which the Regulator (as defined below) considers sufficiently certain) in Spanish law or Applicable Banking Regulations (as defined below) on or after the issue date of such notes or any official application or interpretation thereof, that results (or is likely to result) in such senior non-preferred notes not being (or ceasing to be) fully eligible for inclusion in the Eligible Liabilities Amount (as defined below); provided that an Eligible Liabilities Event shall not occur where such ineligibility for inclusion of such senior non-preferred notes in the Eligible Liabilities Amount is due to the remaining maturity of such senior non-preferred notes being less than any period prescribed by any applicable eligibility criteria under the Applicable Banking Regulations (or any other regulations applicable in Spain from time to time) which was effective on the issue date of such senior non-preferred notes.

"Applicable Banking Regulations" means, when used with respect to the senior non-preferred notes of any series, at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy, resolution and/or solvency then applicable to BBVA and/or the BBVA Group including, without limitation to the generality of the foregoing, CRD V (as defined below), the BRRD (as defined below), the SRM Regulation and those laws, regulations, requirements, guidelines and policies relating to capital adequacy, resolution and/or solvency then in effect in Spain (whether or not such regulations, requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to BBVA and/or the BBVA Group).

"BRRD" means, when used with respect to the senior non-preferred notes of any series, Directive 2014/59/EU of the European Parliament and the Council of the European Union of May 15 establishing the framework for the recovery and resolution of credit institutions and investment firms or such other directive as may come into effect in place thereof, as implemented into Spanish law by Law 11/2015 and RD 1012/2015, as amended, replaced or supplemented from time to time (including as amended by Directive 2019/879 of the European Parliament and the Council of May 20, 2019) and including any other relevant implementing or developing regulatory provisions.

"CRD V" means any or any combination of the CRD Directive (as defined below), the CRR (as defined below) and any CRD Implementing Measures (as defined below).

"CRD Directive" means, when used with respect to the senior non-preferred notes of any series, Directive 2013/36/EU of the European Parliament and of the Council of June 26 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as amended, replaced or supplemented from time to time (including as amended by Directive 2019/878 of the European Parliament and the Council of May 20, 2019).

"CRD Implementing Measures" means, when used with respect to the senior non-preferred notes of any series, any regulatory capital rules implementing or developing the CRD Directive or the CRR which may from time to time be introduced, including, but not limited to, delegated or implementing acts (regulatory technical standards) adopted by the European Commission, national laws and regulations, and regulations and guidelines

issued by the Regulator, the European Banking Authority or any other relevant authority, which are applicable to BBVA (on a standalone basis) or the BBVA Group (on a consolidated basis), including, without limitation, Law 10/2014 and any other regulation, circular or guidelines implementing or developing Law 10/2014, as amended, replaced or supplemented from time to time.

“CRR” means, when used with respect to the senior non-preferred notes of any series, Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26, on the prudential requirements for credit institutions and investment firms, as amended, replaced or supplemented from time to time (including as amended by Regulation 876/2019 of the European Parliament and the Council of May 20, 2019).

“Eligible Liabilities Amount” means the amount of eligible liabilities of BBVA or the BBVA Group for the purposes of Article 45 of the BRRD or Applicable Banking Regulations or any other regulations applicable in Spain from time to time.

“Regulator” means, when used with respect to the senior non-preferred notes of any series, the European Central Bank, the Bank of Spain or the Relevant Spanish Resolution Authority, as applicable, or such other or successor authority having primary bank supervisory authority, in each case, with respect to prudential or resolution matters in relation to BBVA and/or the BBVA Group from time to time.

### **Form, Transfer, Payment and Paying Agents**

Unless otherwise indicated in the applicable prospectus supplement, each series of notes will be issued in registered form only, without coupons. There will not be any service charge for any transfer or exchange of notes payable to BBVA, but BBVA may require payment to cover any tax or other governmental charge payable and any other expenses (including the fees and expenses of the trustee) that may be imposed in that regard.

Unless the applicable prospectus supplement provides otherwise, the principal, premium and interest (and any additional amounts) on the notes of a particular series will be payable, and transfer or exchange of the notes will be registrable, at the corporate trust office of The Bank of New York Mellon under the applicable indenture. However, if specified in the applicable prospectus supplement, BBVA may elect to pay any interest by check mailed to the address of the entitled person as it appears in the security register at the close of business on the regular record date for the interest or by transfer to an account maintained by the payee with a bank located in the United States.

Unless the applicable prospectus supplement provides otherwise, payment of interest on and any additional amounts with respect to a note on any interest payment date will be made to the person in whose name the note is registered at the close of business on the regular record date for the interest.

### **Global Certificates**

BBVA may issue the notes of a series in whole or in part in the form of one or more global certificates representing the notes. Unless otherwise stated in the applicable prospectus supplement, DTC will act as securities depository for the notes. Therefore, BBVA will issue the notes only as registered securities registered in the name of Cede & Co. (DTC’s nominee) and will deposit with DTC one or more registered certificates representing in aggregate the total number of such notes.

As long as DTC or its nominee is the registered holder of a global certificate representing notes, DTC or its nominee, as the case may be, will be considered the sole owner and holder of the notes represented by that global certificate for all purposes under the applicable indenture and the notes. Except as described below, owners of beneficial interests in a note represented by a global certificate will not be entitled to have the notes represented by such global certificate registered in their names, will not receive or be entitled to receive physical delivery of certificated notes and will not be considered the holders of such notes under the applicable indenture. Accordingly, each person owning a beneficial interest in a note represented by a global certificate must rely on the procedures of DTC and, if that person is not a participant in DTC, on the procedures of the participant in DTC through which the person owns its interest, to exercise any rights of a beneficial owner under the applicable indenture.

Beneficial interests in notes of any series represented by a global certificate will be exchangeable for notes of such series represented by individual security certificates, or certificated notes, and registered in the name or names of owners of such beneficial interests as specified in instructions provided by DTC to the trustee only if: (i) the depository is at any time unwilling, unable or ineligible to continue as depository or has ceased to be a

clearing agency registered under the Exchange Act and, in either case, a successor depository is not appointed by BBVA within 60 days of the date BBVA is so informed in writing; (ii) BBVA executes and delivers to the trustee a company order to the effect it has elected to cause the issuance of definitive registered securities, (iii) an event of default has occurred and is continuing with respect to the securities, or (iv) there shall exist such circumstances, if any, in addition to or in lieu of the foregoing as have been specified for this purpose as contemplated by the relevant prospectus supplement.

## **Outstanding Notes**

In determining whether the holders of the requisite principal amount of outstanding notes of a series have given any request, demand, authorization, direction, notice, consent or waiver under the notes of such series or the relevant indenture, any note owned by BBVA or any other obligor upon the notes or any affiliate of BBVA or such other obligor (if any such notes are so owned), will be deemed not to be outstanding. In addition, (i) the portion of the principal amount of an original issue discount note (if any) that will be outstanding will be the amount that would be declared due and payable as of the date of determination, (ii) the principal amount of a note denominated in a foreign currency will be the dollar equivalent, determined on the date of original issuance of such note, of the principal amount (or, in the case of an original issue discount note, the dollar equivalent on the date of original issuance of such note of the amount determined in (i) above) of such note and (iii) the principal amount of an indexed note that will be outstanding will be the principal face amount determined on the date of its original issuance.

## **Modifications and Waivers**

### *Modification of the Indenture with Consent of Holders*

BBVA and the applicable trustee may amend or modify the applicable indenture, may modify the rights of holders under such indenture and may waive any future compliance with such indenture by BBVA with the consent, as evidenced in an Act or Acts (as defined in the relevant indenture), of the holders of not less than a majority in principal amount of the outstanding notes of each series affected thereby voting as a class. However, the modification, amendment or waiver may not, without the consent or the affirmative vote of the holder of each note affected:

- change the stated maturity of the principal of, or any premium or installment of interest on or any additional amounts with respect to, any note, or reduce the principal amount thereof or the rate of interest thereon (except that holders of not less than 75% in principal amount of outstanding notes of a series may consent by Act, on behalf of the holders of all of the outstanding notes of such series, to the postponement of the stated maturity of any installment of interest for a period not exceeding three years from the original stated maturity of such installment (which original stated maturity shall have been fixed, for the avoidance of doubt, prior to any previous postponements of such installment)) or any additional amounts with respect thereto;
- change any premium payable upon the redemption of such notes or otherwise;
- change the obligation of BBVA to pay additional amounts;
- reduce the amount of the principal of an original issue discount note (if any) that would be due and payable upon a declaration of acceleration of the maturity of the note or the amount thereof provable in bankruptcy;
- change the redemption provisions;
- with respect to the senior notes and subordinated notes, adversely affect the right of repayment at the option of the holder;
- change the place of payment or currency in which the payment of principal, any premium, interest or any additional amounts is payable;
- impair the right to take legal action to enforce the payment when due of principal, any premium, interest or any additional amounts with respect to the notes;
- reduce the percentage in principal amount of notes outstanding the consent of whose holders is required to modify or amend the indenture or the terms and conditions of the notes or to waive a default under or compliance with any note or reduce the requirement for a quorum or voting;
- modify the provisions governing modification of such indenture with the consent of holders or give waivers of past defaults, and the consequences of such defaults, except to increase the percentage of

outstanding notes of such series the consent of whose holders is required to modify and amend such indenture or to give any such waiver and except to provide that additional provisions of such indenture cannot be modified or waived without the consent of each holder of notes affected thereby; or

- change in any manner adverse to the interests of the holders of outstanding notes of any series the terms and conditions of the obligations of BBVA in respect of the due and punctual payment of principal, premium or interest, if any, thereon or, with respect to the senior notes and subordinated notes, any sinking fund payments, if any, provided in respect thereof;

except in each case with respect to any modification or amendment of the applicable indenture which is entered into as a result of, and to the extent required by, the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority or, with respect to the senior non-preferred notes, a substitution or modification of such notes pursuant to the provisions summarized in “—Substitution and Modification of Senior Non-Preferred Notes” below (in which case neither the consent nor the affirmative vote of any holder of any note affected will be required).

Subject to payment of the trustee’s fees and expenses and other amounts due to the trustee, the holders of not less than a majority in principal amount of the outstanding notes of any series on behalf of the holders of all the notes of such series may, by Act, waive any past default under the indenture and its consequences with respect to that series, except a default in the payment of the principal of or any premium or interest on or any additional amounts with respect to, any notes of such series or in respect of a covenant or provision of the relevant indenture that cannot be modified or amended without the consent of the holder of each outstanding note of such series.

#### ***Modification of the Indenture without Consent of Holders***

BBVA and the applicable trustee may modify and amend the applicable indenture without the consent of the holders to:

- evidence the succession of another entity to BBVA, and the assumption by any such successor of the covenants of BBVA in such indenture and in the notes;
- add to the covenants of BBVA for the benefit of the holders of all or any series of notes or to surrender any right or power conferred upon BBVA, provided that, in the case of a series of senior non-preferred notes, the notes do not cease to be fully eligible for inclusion in the Eligible Liabilities Amount as a result thereof and subject further to compliance with the Applicable Banking Regulations;
- establish the form or terms of notes of any series;
- evidence and provide for the acceptance and appointment of a successor trustee and to add to or change any of the provisions of such indenture to provide for or facilitate the administration of trusts under the indenture;
- cure any ambiguity or correct or supplement any defect or inconsistency in such indenture, or make any other provisions with respect to matters or questions arising under such indenture which do not adversely affect the interests of the holders of notes of any series in any material respect;
- add to, delete from or revise the conditions, limitations and restrictions on the terms or purposes of issue, authentication and delivery of notes or, with respect to a series of senior notes or subordinated notes, the authorized amount of the notes;
- supplement any of the provisions of such indenture to such extent as shall be necessary, in the case of a series of senior notes or subordinated notes, to permit or facilitate the defeasance and discharge of any series of notes and, in the case of a series of senior non-preferred notes, to permit the discharge of any series of notes, in each case provided such action does not adversely affect the interests of any holders of notes of such series or any other series in any material respect;
- add any additional events of default for the benefit of the holders of all or any series of notes;
- secure any notes, provided that, in the case of a series of senior non-preferred notes, the notes do not cease to be fully eligible for inclusion in the Eligible Liabilities Amount as a result thereof and subject further to compliance with the Applicable Banking Regulations;
- delete, amend or supplement any provision of such indenture or any indenture supplement thereto, provided such actions will not materially adversely affect the interests of the holders of notes then outstanding immediately prior thereto;

- with respect to the senior non-preferred notes, delete, amend or supplement any provision of such indenture or any indenture supplement thereto as a result of, and to the extent necessary to effect, the substitution or modification of any series of notes pursuant to the provisions summarized in “—Substitution and Modification of Senior Non-Preferred Notes” below; or
- delete, amend or supplement any provision of such indenture or any indenture supplement thereto as a result of, and to the extent required by, the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority.

### ***Substitution and Modification of Senior Non-Preferred Notes***

Notwithstanding anything set forth in this prospectus or the senior non-preferred indenture to the contrary, if an Eligible Liabilities Event occurs and is continuing in respect of a series of senior non-preferred notes, BBVA may substitute all (but not only some) of such senior non-preferred notes or modify the terms of all (but not only some) of such senior non-preferred notes, without any requirement for the consent or approval of the holders of such senior non-preferred notes, so that the notes are substituted for, or their terms are modified to, become, or remain, Qualifying Securities (as defined below), subject to: (i) having given not less than 30 nor more than 90 days’ notice to the holders thereof and to the trustee (which notice shall be irrevocable and shall specify the date for substitution or, as applicable, modification), (ii) the prior consent of the Regulator if required pursuant to Applicable Banking Regulations, and (iii) any variation in the terms of such senior non-preferred notes resulting from such modification or, if such senior non-preferred notes are substituted, any difference between the terms of such senior non-preferred notes and those of the Qualifying Securities for which they are substituted, not being materially prejudicial to the interests of holders of such senior non-preferred notes, and BBVA having delivered an officer’s certificate to the trustee to that effect not less than five business days prior to (i) in the case of a substitution of the senior non-preferred notes, the issue date of the relevant Qualifying Securities for which such senior non-preferred notes are substituted or (ii) in the case of a modification of the terms and conditions of the senior non-preferred notes, the date such modification becomes effective.

For the purposes of the immediately preceding paragraph, in the case of a modification of the terms and conditions of a series of senior non-preferred notes, any variation in the ranking of such senior non-preferred notes resulting from any such modification or, if such senior non-preferred notes are substituted, any difference between their ranking and that of the Qualifying Securities for which such senior non-preferred notes are substituted, shall be deemed not to be prejudicial to the interests of holders where the ranking of the senior non-preferred notes or, if the senior non-preferred notes are substituted, of the Qualifying Securities for which such senior non-preferred notes are substituted, following such substitution or modification, as the case may be, is at least the same ranking as was applicable to such senior non-preferred notes on the issue date of such senior non-preferred notes.

For the purposes of the second immediately preceding paragraph, the notice to be delivered by BBVA shall specify the relevant details of the manner in which the relevant substitution or modification shall take effect and where the holders of the series of senior non-preferred notes to be substituted or modified can inspect or obtain copies of, if such senior non-preferred notes are modified, the new terms and conditions of the senior non-preferred notes of such series or, if such senior non-preferred notes are substituted, the Qualifying Securities for which they are substituted. Such substitution or modification will be effected without any cost or charge to such holders.

If the senior non-preferred notes of a series are substituted in accordance with the provisions described above, such senior non-preferred notes shall cease to bear interest from (and including) the date of substitution thereof.

Each holder and beneficial owner of the senior non-preferred notes of any series shall, by virtue of its acquisition of the senior non-preferred notes of any series or any beneficial interest therein, be deemed to accept the substitution or modification of the terms of the senior non-preferred notes of such series as set forth above and to grant to BBVA and the trustee full power and authority to take any action and/or to execute and deliver any document in its name and/or on its behalf which is necessary or convenient to complete the substitution or modification of the terms of the senior non-preferred notes of such series, as applicable. By its acquisition of a senior non-preferred note, each holder (which, for these purposes, includes each beneficial owner), to the extent permitted by the Trust Indenture Act, will be deemed to have waived any and all claims, in law and/or in equity, against the trustee for, agreed not to initiate a suit against the trustee in respect of, and agreed that the trustee shall not be liable for, any action that the trustee takes, or abstains from taking, in either case in connection with the substitution or modification of the terms of the senior non-preferred notes upon the occurrence of an Eligible Liabilities Event.



“Qualifying Securities” means, with respect to a series of senior non-preferred notes which is subject to any substitution or modification pursuant to the provisions described above, at any time, any securities issued by BBVA that:

(i) contain terms which comply with the then current requirements for inclusion in the Eligible Liabilities Amount as provided under Applicable Banking Regulations, as applicable;

(ii) have the same denomination and aggregate outstanding principal amount, the same currency in which payments shall be payable, the same rate of interest and terms for the determination of any applicable rate of interest, the same date of maturity and the same dates for payment of interest as such series of senior non-preferred notes immediately prior to any substitution or modification pursuant to the provisions described under this “—Substitution and Modification of Senior Non-Preferred Notes”;

(iii) have the same or higher ranking as is applicable to such series of senior non-preferred notes on the issue date of such series of senior non-preferred notes as described under “—Senior Non-Preferred Notes—Ranking of Senior Non-Preferred Notes” below;

(iv) preserve any existing rights under the senior non-preferred notes to any accrued interest which has not been paid in respect of the period from (and including) the interest payment date last preceding the date of any substitution or modification pursuant to the provisions described under this “—Substitution and Modification of Senior Non-Preferred Notes”; and

(v) are listed or admitted to trading on any stock exchange as selected by BBVA, if such series of senior non-preferred notes was listed or admitted to trading on a stock exchange immediately prior to the relevant substitution or modification pursuant to the provisions described under this “—Substitution and Modification of Senior Non-Preferred Notes”.

#### **Discharge, Defeasance and Covenant Defeasance of Senior Notes and Subordinated Notes**

BBVA may discharge the relevant indenture with respect to any series of senior notes or subordinated notes that have not already been delivered to the applicable trustee for cancellation and that have become due and payable, will become due and payable at their stated maturity within one year or, if redeemable at the option of BBVA, are to be called for redemption within one year, by (i) depositing or causing to be deposited with the applicable trustee, in trust, funds in an amount sufficient to pay and discharge the entire indebtedness on such notes, including principal, interest, premium and any additional amounts to the date of such deposit (if such notes have become due and payable) or to the maturity date of such notes, as the case may be; (ii) paying or causing to be paid all other sums payable by BBVA with respect to such notes; and (iii) delivering to the relevant trustee an officer’s certificate and an opinion of counsel, each stating that all conditions precedent set forth in the relevant indenture relating to the satisfaction and discharge of such indenture as to such series of notes have been complied with.

BBVA may also elect to have its obligations under the relevant indenture discharged with respect to the outstanding senior notes or subordinated notes of any series (“legal defeasance”). Legal defeasance means that BBVA will be deemed to have paid and discharged the entire indebtedness represented by the outstanding senior notes or subordinated notes of such series under the relevant indenture, except for:

- the rights of holders of such notes to receive principal, any premium, interest and any additional amounts when due from the trust described below;
- the obligations of BBVA to issue temporary notes, register the transfer of notes, replace temporary or mutilated, destroyed, lost or stolen notes, pay additional amounts, maintain an office or agency for payment and hold money for payments in trust;
- the rights, powers, trusts, duties and immunities of the applicable trustee; and
- the defeasance provisions of the applicable indenture.

In addition, BBVA may elect to have its obligations released with respect to certain covenants in the senior indenture and the subordinated indenture (“covenant defeasance”). Any omission to comply with any obligations so released will not constitute a default or an event of default with respect to the notes of any series.



In order to exercise either legal defeasance or covenant defeasance with respect to outstanding senior notes or subordinated notes of or within any series:

- BBVA must irrevocably have deposited or caused to be deposited with the applicable trustee, in trust, money, in U.S. dollars or in the foreign currency in which such notes are payable at stated maturity, or U.S. government obligations or a combination of money and U.S. government obligations applicable to such notes which through the scheduled payment of principal and interest in accordance with their terms will provide money in an amount sufficient to pay and discharge when due all of the principal, interest and any premium of such notes and any mandatory sinking fund or analogous payments thereon;
- the legal defeasance or covenant defeasance must not result in a breach or violation of, or constitute a default under, the applicable indenture or any other material agreement or instrument to which BBVA is a party or by which it is bound;
- no event of default or event which, with notice or lapse of time, or both, would become an event of default with respect to the outstanding notes of that series may have occurred and be continuing on the date of the establishment of such a trust, and in the case of legal defeasance, at any time during the period ending on the 91st day after such date;
- BBVA must have delivered to the applicable trustee an opinion of counsel of recognized standing to the effect that the beneficial owners of such notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the legal defeasance or covenant defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if the legal defeasance or covenant defeasance had not occurred. In the case of legal defeasance only, the opinion of counsel must refer to and be based upon a letter ruling of the Internal Revenue Service received by BBVA, a Revenue Ruling published by the Internal Revenue Service or a change in applicable U.S. federal income tax law occurring after the date of the relevant prospectus supplement;
- BBVA must have delivered to the trustee an officer's certificate and an opinion of counsel, each stating that all conditions precedent to such defeasance have been complied with;
- the legal defeasance or covenant defeasance must not cause the applicable trustee to have a conflicting interest within the meaning of the Trust Indenture Act (assuming all relevant notes are in default within the meaning of such Act);
- the legal defeasance or covenant defeasance must not result in the trust arising from such deposit constituting an investment company within the meaning of the Investment Company Act of 1940, as amended, unless such trust shall be registered under such Act or exempt from registration thereunder; and
- in the case of the subordinated notes, BBVA shall have delivered to the applicable trustee an opinion of counsel substantially to the effect that (i) the trust funds deposited to effect the legal defeasance or covenant defeasance will not be subject to any rights of holders of Senior Indebtedness (as defined below under "—Subordinated Notes—Subordination of Subordinated Notes"), including those arising under the applicable subordination provisions of the subordinated indenture, and (ii) after the second anniversary following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally, except that if a court were to rule under any such law in any case or proceeding that the trust funds remained property of BBVA, no opinion is given as to the effect of such laws on the trust funds except in certain limited circumstances set forth in the subordinated indenture.

Unless otherwise provided in the applicable prospectus supplement, if, after BBVA has deposited funds or U.S. government obligations to effect legal defeasance or covenant defeasance with respect to senior notes or subordinated notes of any series,

- the holder of a note of such series is entitled to elect and does elect to receive payment in a currency other than that in which such deposit has been made in respect of such note; or
- a "conversion event" (as defined below for purposes of this section) occurs in respect of the foreign currency in which such deposit has been made; then,

the indebtedness represented by such note shall be deemed to have been and will be fully discharged and satisfied through the payment of the principal, any premium, interest and any additional amounts on such note as it becomes due out of the proceeds yielded by converting the amount or other property so deposited into the currency in which such note becomes payable as a result of such election or such conversion event based on the applicable market

exchange rate for such currency in effect on the second business day prior to such payment date, except, with respect to a conversion event, for such foreign currency in effect at the time of the conversion event.

In this section “Description of the Notes of BBVA”, a “conversion event” means the cessation of use of (i) a foreign currency both by the government of the country which issued such currency and for the settlement of transactions by a central bank or other public institutions of or within the international banking community, or (ii) the euro both within the European monetary system and for the settlement of transactions by public institutions of or within the European Union.

In the event BBVA effects covenant defeasance with respect to any senior notes or subordinated notes and such notes are declared due and payable because of the occurrence of any event of default, the amount in money and U.S. government obligations deposited in trust will be sufficient to pay amounts due on such notes at the time of their stated maturity. They may not, however, be sufficient to pay amounts due on such notes at the time of the acceleration resulting from such event of default. In this case, BBVA will remain liable to make payment of such amounts due at the time of acceleration.

The applicable prospectus supplement may further describe the provisions permitting legal defeasance or covenant defeasance, including any modifications to the provisions described above, with respect to the senior notes or subordinated notes of a particular series.

In addition, upon the exercise of the Spanish Bail-in Power with respect to a series of senior notes or subordinated notes which results in the redemption, cancellation, or the conversion into other securities, of all the Amounts Due on the notes of such series or such notes otherwise ceasing to be outstanding, the applicable indenture (and any relevant supplemental indenture) shall be deemed to be satisfied and discharged as to such series and such notes shall thereafter be deemed to be not “outstanding”.

#### **Satisfaction and Discharge of Senior Non-Preferred Notes**

Subject to compliance with the Applicable Banking Regulations and, if required, the prior consent of the Regulator, BBVA may discharge the senior non-preferred indenture with respect to any senior non-preferred notes of a series that have not already been delivered to the trustee for cancellation and that have become due and payable, by (i) depositing or causing to be deposited with the trustee, in trust, funds in an amount sufficient to pay and discharge the entire indebtedness on such senior non-preferred notes, including principal, interest, premium and any additional amounts to the date of such deposit; (ii) paying or causing to be paid all other sums payable by BBVA with respect to such notes; and (iii) delivering to the trustee an officer’s certificate and an opinion of counsel, each stating that all conditions precedent set forth in the senior non-preferred indenture relating to the satisfaction and discharge of such indenture as to such series of notes have been complied with.

In addition, upon the exercise of the Spanish Bail-in Power with respect to a series of senior non-preferred notes resulting in the redemption, cancellation, or the conversion into other securities, of all the Amounts Due on such senior non-preferred notes or such senior non-preferred notes otherwise ceasing to be outstanding, the senior non-preferred indenture shall be deemed to be satisfied and discharged as to such series and such senior non-preferred notes shall thereafter be deemed to be not “outstanding”.

#### **Notices**

All notices to holders of registered notes shall be validly given if in writing and mailed first-class postage prepaid to them at their respective addresses in the register maintained by the applicable trustee or security registrar. Notwithstanding the foregoing, any notice given to the holder of a global security representing senior non-preferred notes shall be sufficiently given if such notice is given in accordance with the applicable procedures of the relevant depository.

#### **The Trustee**

The Bank of New York Mellon, the trustee currently appointed pursuant to the indentures, has its corporate trust office located at 240 Greenwich Street, New York, NY 10286 and the indentures will be administered by The Bank of New York Mellon acting (except with respect to its role as security registrar) through its London Branch at One Canada Square, London E14 5AL, United Kingdom or such other location in New York or England as notified by the trustee to BBVA from time to time. The trustee and any trustee appointed pursuant to the senior indenture, the senior non-preferred indenture or the subordinated indenture shall have and be subject to all the duties and responsibilities specified with respect to an indenture trustee under the Trust Indenture Act.

By its acquisition of any notes offered hereunder, each holder thereof, to the extent permitted by the Trust Indenture Act, waives any and all claims, in law and/or in equity, against the trustee for, agrees not to initiate a suit against the trustee in respect of, and agrees that the trustee shall not be liable for, any action that the trustee takes, or abstains from taking, in either case in accordance with the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority with respect to the notes of such series. Additionally, by its acquisition of any notes of any series offered hereunder, each holder thereof acknowledges and agrees that, upon the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority with respect to such series of notes, (a) the trustee shall not be required to take any further directions from holders of the notes of such series with respect to any portion of the notes of such series that is written down, converted to equity and/or cancelled under the provision of the applicable indenture which authorizes holders of a majority in aggregate outstanding principal amount of the notes of a series to direct certain actions relating to the notes of such series, and (b) the applicable indenture shall not impose any duties upon the trustee whatsoever with respect to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority; provided, however, that notwithstanding the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority with respect to notes of a series, so long as any notes of such series remain outstanding, there shall at all times be a trustee for the notes of such series in accordance with the relevant indenture, and the resignation and/or removal of the applicable trustee and the appointment of a successor trustee shall continue to be governed by the relevant indenture, including to the extent no additional supplemental indenture or amendment is agreed upon in the event the notes of such series remain outstanding following the completion of the exercise of the Spanish Bail-in Power.

Subject to the provisions of the Trust Indenture Act, the applicable trustee is under no obligation to exercise any of the powers vested in it by the applicable indenture at the request of any holder of notes, unless such holders have offered to the trustee reasonable security or indemnity satisfactory to the trustee against the costs, expenses and liabilities which might be incurred thereby.

BBVA and some of its subsidiaries maintain deposits with and conduct other banking transactions with The Bank of New York Mellon in the ordinary course of business.

### **Successor Trustees**

Any trustee in respect of the notes of a series may resign or be removed by holders of a majority in principal amount of notes of such series at any time, effective upon the acceptance by a successor trustee of the respective appointment. The indentures provide that any successor trustee will have a combined capital and surplus of not less than \$50,000,000 and shall be a corporation, association, company or business trust organized and doing business under the laws of the United States or any of its states or territories or the District of Columbia and in good standing. No person shall accept its appointment as a successor trustee with respect to the notes of a series unless at the time of such acceptance such successor trustee shall be qualified and eligible under the relevant indenture.

### **Repayment of Funds**

In the case of the senior notes and the subordinated notes, all monies paid by BBVA to the applicable trustee or a paying agent for payment of principal, premium or interest and any additional amounts on any notes which remain unclaimed at the end of two years after that payment has been made will be repaid to BBVA, and in the case of the senior non-preferred notes, all such monies which remain unclaimed at the end of two years after that payment has become due and payable will be paid to BBVA, in each case on BBVA's request, and all liability of the applicable trustee or the paying agent related to it will cease, and, if permitted by law, the holder of the applicable note will look only to BBVA for any payment which such holder may be entitled to collect.

### **Prescription**

All claims against BBVA for payment of principal, premium, interest or additional amounts on or in respect of the notes will become void unless made within the earlier of (i) six years or (ii) any applicable shorter period provided for under New York law, starting from the later of the date on which that payment first became due and the date on which the full amount was received by the applicable trustee or the paying agent.

### **Consolidation, Merger and Conveyance of Assets; Assumption**

Except as provided by the events of default with respect to the senior notes, nothing contained in the indentures or in any of the notes shall prevent any consolidation, amalgamation or merger (and, in the case of the senior non-preferred notes, any reconstruction) of BBVA with or into any other person or persons (whether or

not affiliated with BBVA), or successive consolidations, amalgamations or mergers (and, in the case of the senior non-preferred notes, any successive reconstructions) in which BBVA or the successor or successors of BBVA shall be a party or parties, or shall prevent any sale, conveyance or lease (and, in the case of the senior non-preferred notes, any transfer) of the property of BBVA as an entirety or substantially as an entirety, to any other person (whether or not affiliated with BBVA); *provided that* the person formed by or into which BBVA is consolidated, amalgamated or merged (or in the case of senior non-preferred notes, any person formed by any reconstruction, consolidation, amalgamation or merger, or any transferee or lessee of BBVA's assets) shall assume the due and punctual payment of the principal of (and premium, if any), interest and additional amounts, if any, on the notes in accordance with the provisions thereof and the indentures, and the performance of every covenant of the indentures on the part of BBVA to be performed or observed.

Any holding company or wholly-owned subsidiary of BBVA may assume BBVA's obligations under the notes of any series without the consent of any holder, provided that certain conditions are satisfied, including that the successor entity has ratings for long-term senior debt (in the case of senior notes and senior non-preferred notes) or long-term subordinated debt (in the case of subordinated notes) assigned by Standard & Poor's Ratings Services or Moody's Investors Service, Inc. which are the same as or higher than the credit rating for long-term senior or subordinated debt, as the case may be, of BBVA (or, if applicable, the previous successor entity) immediately prior to such assumption.

Upon any such assumption, all of BBVA's direct obligations under the notes of the relevant series and, with respect to such notes, all of BBVA's direct obligations under the relevant indenture shall immediately be discharged, and the successor entity shall succeed to, and be substituted for, and may exercise every right and power of, BBVA under the indenture with respect to any such notes with the same effect as if such successor entity had been named as BBVA in the indenture.

In the event of any merger, consolidation, sale, conveyance or lease (or, in the case of the senior non-preferred notes, in the event of any reconstruction, consolidation, amalgamation, merger, sale, transfer, conveyance or lease), or in the case of any assumption of obligations under the notes of any series permitted by the relevant indenture by a successor, if the acquiring, resulting or successor person is not incorporated or tax resident in Spain, additional amounts under the notes will be payable for taxes imposed by the jurisdiction of incorporation or tax residence of such person (subject to exceptions equivalent to those that apply to the obligation to pay additional amounts for taxes imposed by the laws of Spain) rather than taxes imposed by Spain. In addition, if the acquiring, resulting or successor person is not incorporated or tax resident in Spain, it will also be entitled to redeem the notes in the circumstances described under “—Redemption—Early Redemption of Senior Notes, Senior Non-Preferred Notes and Subordinated Notes for Taxation Reasons” for any change or amendment to, or change in the application or official interpretation of, the laws or regulations of such acquiring, resulting or successor person's jurisdiction of incorporation or tax residence, which change or amendment must occur subsequent to the date of the merger, consolidation, sale, conveyance, lease (or, in the case of the senior non-preferred notes, the date of any reconstruction, consolidation, amalgamation, merger, sale, transfer, conveyance or lease) or assumption.

*An assumption of the obligations of BBVA under any series of notes may be considered for U.S. federal income tax purposes to be a deemed exchange by the beneficial owners of the notes of such series for new notes. In that case, U.S. taxpayers could be required to recognize a taxable gain or loss for U.S. federal income tax purposes and may be subject to certain other adverse U.S. tax consequences. U.S. beneficial owners of notes should consult their tax advisors regarding the U.S. federal, state and local income tax consequences of an assumption.*

## **Governing Law**

The notes and the indentures will be governed by and construed in accordance with the laws of the State of New York applicable to agreements made or instruments entered into and, in each case, performed in said state, except that the authorization and execution by BBVA of the indentures and the authorization, issuance and execution of the notes will be governed by and construed in accordance with Spanish law. In addition, certain provisions of the notes and the indentures related to the status of the notes and, where applicable, the subordination of the notes, and in the case of the senior non-preferred notes, the waiver of the right of set-off and the agreement with respect to the exercise of the Spanish Bail-in Power, shall be governed by and construed in accordance with Spanish law.

## Submission to Jurisdiction

Except as provided in the paragraph immediately below, BBVA will irrevocably submit to the non-exclusive jurisdiction of any U.S. federal or state court in the Borough of Manhattan, The City of New York, New York in any suit or proceeding arising out of or relating to the indenture or the notes and will irrevocably waive, to the extent it may effectively do so, any objection which it may have to the laying of the venue of any such suit or proceeding.

Notwithstanding the above, the senior non-preferred indenture and the senior non-preferred notes provide that the Spanish courts shall have exclusive jurisdiction in respect of any suit or proceeding arising out of or relating to the senior non-preferred indenture or the senior non-preferred notes arising out of, relating to or in connection with the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority and accordingly each of BBVA, the trustee and each holder of any senior non-preferred notes will submit, to the extent it may effectively do so, to the exclusive jurisdiction of the Spanish courts in relation to any such suit or proceeding. Each of BBVA, the trustee and each holder of any senior non-preferred notes will further irrevocably waive, to the extent it may effectively do so, any objection to the Spanish courts on the grounds that they are an inconvenient or inappropriate forum in respect of any such suit or proceeding.

## Senior Notes

The senior notes will constitute direct, unconditional, unsubordinated and unsecured indebtedness of BBVA and will rank *pari passu* among themselves and with all other present and future unsubordinated and unsecured indebtedness of BBVA, but in the event of insolvency only to the extent permitted by Spanish Law 22/2003 of July 9 (*Ley Concursal*), as amended, replaced or supplemented from time to time (the “Insolvency Law”), regulating insolvency proceedings in Spain, or other laws relating to or affecting the enforcement of creditors’ rights in Spain.

### *Events of Default*

Except as provided in the second paragraph immediately below, “event of default”, wherever used with respect to the senior notes of any series, means any one of the following events, unless, with respect to a particular series of senior notes, such event is specifically deleted or modified in or pursuant to supplemental indentures or Board resolutions creating such series of senior notes or in the officer’s certificate for such series:

- default by BBVA in the payment of the principal of any senior note of such series when due and payable at its maturity and such default is not remedied within 14 days;
- default by BBVA in the payment of any interest on or any additional amounts payable in respect of any senior note of such series when such interest becomes or such additional amounts become due and payable, and continuance of such default for a period of 21 days;
- default by BBVA in the payment of any premium or deposit of any sinking fund payment, when and as due by the terms of a senior note of such series, and such default is not remedied in 30 days;
- default in the performance or breach of certain covenants or warranties of BBVA in the senior indenture or the senior notes, and continuance of such breach or default for a period of 30 days after there has been given, by registered or certified mail, to BBVA by the trustee or to BBVA and the trustee by any holder or the holders of any outstanding senior notes of such series a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a “Notice of Default” under the senior indenture;
- an order is made by any competent court commencing insolvency proceedings (*procedimientos concursales*) against BBVA or an order of any competent court or administrative agency is made or a resolution is passed by BBVA for the dissolution or winding up of BBVA, except in any such case for the purpose of a reconstruction or a merger or amalgamation which has been approved by an Act of the holders of the senior notes of such series, or where the entity resulting from any such reconstruction or merger or amalgamation is a financial institution (*entidad de crédito* according to Article 1 of Law 10/2014) and will have a rating for long-term senior debt assigned by Standard & Poor’s Ratings Services, Moody’s Investors Service or Fitch Ratings Ltd. equivalent to or higher than the rating for long-term senior debt of BBVA immediately prior to such reconstruction or merger or amalgamation;
- BBVA is adjudicated or found bankrupt or insolvent by any competent court, or any order of any competent court or administrative agency is made for, or any resolution is passed by BBVA to apply



for, judicial composition proceedings with its creditors for the appointment of a receiver or trustee or other similar official in insolvency proceedings (*procedimientos concursales*) in relation to BBVA or of a substantial part of its assets (unless in the case of an order for a temporary appointment, such appointment is discharged within 30 days);

- BBVA (except for the purpose of an amalgamation, merger or reconstruction approved by an Act of the holders of the senior notes of such series, or where the entity resulting from any such amalgamation, merger or reconstruction will have a rating for long-term senior debt assigned by Standard & Poor's Ratings Services, Moody's Investors Service or Fitch Ratings Ltd. equivalent to or higher than the rating for long-term senior debt of BBVA immediately prior to such amalgamation, merger or reconstruction) ceases or threatens to cease to directly or indirectly carry on the whole or substantially the whole of its business; or
- a holder of a security interest takes possession of the whole or any substantial part of the assets or business of BBVA or an order of any competent court or administrative agency is made for the appointment of an administrative or other receiver, manager, administrator or similar official in relation to BBVA or in relation to the whole or any substantial part of the business or assets of BBVA (in each case, other than in connection with a Resolution or an Early Intervention with respect to BBVA), or a distress or execution is levied or enforced upon or sued out against any substantial part of the business or assets of BBVA and is not discharged within 30 days.

For the purpose of the above definition, a report by the external auditors from time to time of BBVA as to whether any part of the business or assets of BBVA is "substantial" shall, in the absence of manifest error, be conclusive.

Notwithstanding the above, any Resolution or Early Intervention with respect to BBVA will not, in and of itself and without regard to any other fact or circumstance, constitute a default or an event of default under the fifth and sixth bullet points set forth above or any provision of the senior indenture with respect to the senior notes of any series. In addition, neither (i) a reduction or cancellation, in part or in full, of the Amounts Due on the senior notes of any series, or the conversion thereof into another security or obligation of BBVA or another person, in each case as a result of the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority with respect to BBVA, nor (ii) the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority with respect to the senior notes of any series, will constitute an event of default or default under the senior indenture or the senior notes of any series. See "—Agreement with Respect to the Exercise of the Spanish Bail-in Power". In addition, no repayment or payment of Amounts Due on the senior notes of any series will become due and payable or be paid after the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority if, and to the extent that, such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise.

If an event of default with respect to the senior notes of any series at the time outstanding occurs and is continuing, then the applicable trustee, acting pursuant to an Act of the holders of the senior notes of the relevant series, with respect to all outstanding senior notes of such series, or the holder of any outstanding senior note of the relevant series, with respect to such senior note held by such holder, may declare the principal, or such lesser amount as may be provided for in the senior notes of such series, of such senior notes or senior note, as the case may be, to be due and payable immediately in accordance with the terms of the senior indenture.

At any time after such a declaration of acceleration with respect to the senior notes or a senior note, as the case may be, of any series has been made and before a judgment or decree for payment of the money due has been obtained by the applicable trustee as provided in the senior indenture, the holders of not less than a majority in principal amount of the outstanding senior notes of such series may, by Act rescind and annul such declaration and its consequences if:

- (i) BBVA has paid or deposited with the applicable trustee a sum of money sufficient to pay:
  - (A) all overdue installments of any interest on and additional amounts with respect to all senior notes of such series;
  - (B) the principal of and any premium on any senior notes of such series which have become due otherwise than by such declaration of acceleration and interest thereon and any additional amounts with respect thereto at the rate or rates borne by or provided for in such senior notes;
  - (C) to the extent that payment of such interest or additional amounts is lawful, interest upon overdue installments of any interest and additional amounts at the rate or rates borne by or provided for in such senior notes; and



- (D) all sums paid or advanced by the applicable trustee and the reasonable compensation, expenses, disbursements and advances of the applicable trustee, its agents and counsel and all other amounts due to the applicable trustee under the senior indenture; and
- (ii) all events of default with respect to senior notes of such series, other than the non-payment of the principal of and any premium and interest on, and any additional amounts with respect to senior notes of such series which have become due solely by such declaration of acceleration, shall have been cured or waived as provided in the senior indenture.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

Subject to payment of the applicable trustee's fees and expenses, the holders of not less than a majority in principal amount of the outstanding senior notes of any series on behalf of the holders of all the senior notes of such series may, by Act waive any past event of default under the senior indenture with respect to such series and its consequences, except a default in the payment of the principal of or any premium, or interest on, or any additional amounts with respect to, any senior note of such series or in respect of a covenant or provision of the senior indenture that cannot be modified or amended without the consent of each holder of outstanding senior notes of such series.

No holder of any of the senior notes of any series has the right to institute any proceeding, judicial or otherwise, with respect to the senior indenture, or for the appointment of a receiver or trustee, or any remedy thereunder, unless (i) such holder has previously given written notice to the applicable trustee of a continuing event of default with respect to the senior notes of such series; (ii) the holders of not less than 25% in principal amount of the outstanding senior notes of such series have made written request to the applicable trustee to institute proceedings in respect of such event of default as trustee under the senior indenture with respect to such series of senior notes and such holder or holders have offered to the applicable trustee reasonable indemnity satisfactory to the trustee against the costs, expenses and liabilities to be incurred in compliance with such request; (iii) the applicable trustee has failed to institute any such proceeding within 60 days after its receipt of such notice, request and offer of indemnity; and (iv) the applicable trustee has not received any direction inconsistent with such written request during such 60-day period by the holders of a majority in principal amount of the outstanding senior notes of such series.

Except as set forth in the immediately following paragraph, notwithstanding any other provision in the senior indenture and the senior notes, the right of each holder is absolute and unconditional, to receive payment of the principal of, any premium and, subject to certain provisions in the senior indenture with respect to payment of defaulted interest, interest on, and any additional amounts with respect to, his or her senior note or notes on or after the respective maturity or maturities therefor specified in such senior notes (or, in the case of redemption, on or after the redemption date or, in the case of repayment at the option of such holder if provided in or pursuant to the senior indenture, on or after the date such repayment is due) and to institute suit for the enforcement of any such payment, which cannot be impaired or affected without the consent of such holder, except that holders of not less than 75% in principal amount of outstanding senior notes of a series may consent by Act on behalf of the holders of all outstanding senior notes of such series, to the postponement of the maturity of any installment of interest for a period not exceeding three years from the original maturity of such installment (which original maturity shall have been fixed, for the avoidance of doubt, prior to any previous postponements of such installment).

The senior notes of any series may be subject to the exercise of the Spanish Bail-in Power, and no holder of any senior note shall have any claim against BBVA in connection with or arising out of any such exercise.

Within 90 days after the occurrence of any default under the senior indenture known to the applicable trustee with respect to the senior notes of any series, such trustee shall transmit by mail to all holders of senior notes of such series entitled to receive reports, notice of such default, unless such default shall have been cured or waived. Except in the case of a default in the payment of the principal of (or premium, if any), or interest, if any, on, or additional amounts with respect to, any senior note of such series, such trustee may withhold such notice if and so long as the board of directors, the executive committee or a trust committee of directors and/or responsible officers of such trustee in good faith determine that the withholding of such notice is in the best interest of the holders of senior notes of such series. For the purpose of this paragraph, the term "default" means any event which is, or after notice or lapse of time or both would become, an event of default with respect to senior notes of such series.

## **Senior Non-Preferred Notes**

### ***Ranking of Senior Non-Preferred Notes***

The senior non-preferred notes shall be direct, unconditional, unsubordinated and unsecured obligations of BBVA and, upon the insolvency (*concurso de acreedores*) of BBVA, in accordance with and to the extent

permitted by the Insolvency Law and other applicable laws relating to or affecting the enforcement of creditors' rights in Spain (including, without limitation, Additional Provision 14.2 of Law 11/2015), the payment obligations of BBVA under the senior non-preferred notes with respect to claims for principal (which claims will constitute ordinary claims (as defined below)) will rank:

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

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

Claims of holders in respect of interest on the senior non-preferred notes of any series accrued but unpaid as of the commencement of any insolvency proceeding in respect of BBVA shall constitute subordinated claims (*créditos subordinados*) against BBVA ranking in accordance with the provisions of the Insolvency Law (including, without limitation, junior to claims on account of principal in respect of contractually subordinated obligations of BBVA, unless otherwise provided by the Insolvency Law or other applicable laws relating to or affecting the enforcement of creditors' rights in Spain). No further interest on the senior non-preferred notes of any series shall accrue from the date of declaration of the insolvency of BBVA.

Prior to any voluntary or necessary declaration of insolvency of BBVA under the Insolvency Law or any voluntary or mandatory liquidation of BBVA or similar procedure, BBVA may be subject to an Early Intervention or Resolution, or to any other exercise of the Spanish Bail-in Power, and the senior non-preferred notes of any series may be subject to the exercise of the Spanish Bail-in Power, in which case no holder of any senior non-preferred note shall have any claim against BBVA in connection with or arising out of any such exercise of the Spanish Bail-in Power.

Each holder and beneficial owner of senior non-preferred notes by his or her acceptance thereof, to the extent permitted by Spanish law, authorizes and directs the applicable trustee on his or her behalf to take such action as may be necessary or appropriate to effectuate the ranking of the senior non-preferred notes as provided in the senior non-preferred indenture and as summarized herein and appoints the applicable trustee his or her attorney-in-fact for any and all such purposes, including, if required, to grant any private or public documents on such holder's or beneficial owner's behalf.

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

"Senior Non-Preferred Obligations" (*créditos ordinarios no preferentes*) means the obligations of BBVA with respect to (i) the payment of principal under the senior non-preferred notes and (ii) all other ordinary claims, present and future, which, upon the insolvency (*concurso de acreedores*) of BBVA are expressed to rank within the ordinary claims but junior to Senior Preferred Obligations.

"Senior Preferred Obligations" means the obligations of BBVA with respect to all ordinary claims, present and future, other than Senior Non-Preferred Obligations.

#### ***Waiver of Right of Set-off***

Subject to applicable law, neither any holder or beneficial owner of the senior non-preferred notes of any series nor the trustee acting on behalf of the holders may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by BBVA in respect of, or arising under, or in connection with, the senior non-preferred notes of such series or the senior non-preferred indenture and each of

them shall be deemed to have waived all such rights of set-off, compensation or retention. If, notwithstanding the above, any amounts due and payable to any holder or beneficial owner of a senior non-preferred note of any series or any interest therein by BBVA in respect of, or arising under, the senior non-preferred notes of such series are discharged by set-off, such holder or beneficial owner shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to BBVA (or, if any voluntary or involuntary liquidation of BBVA shall have occurred, the liquidator or administrator of BBVA, as the case may be) and, until such time as payment is made, shall hold an amount equal to such amount in trust (where possible) or otherwise for BBVA (or the liquidator or administrator of BBVA, as the case may be) and, accordingly, any such discharge shall be deemed not to have taken place.

### ***Events of Default***

“Event of default”, wherever used with respect to senior non-preferred notes of any series, means (whatever the reason for such event of default and whether it shall be voluntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) that, except as set forth in the immediately succeeding paragraph, an order shall have been made by any competent court commencing insolvency proceedings (*procedimiento concursal*) against BBVA or an order of any competent court or administrative agency shall have been made or a resolution shall have been passed by BBVA for the dissolution or winding up of BBVA (except (i) in the case of a reconstruction, consolidation, amalgamation or merger carried out in compliance with the requirements set forth under “—Consolidation, Merger and Conveyance of Assets; Assumption” with respect to the senior non-preferred notes (in this case, even without being approved by an Act of the holders of such series of notes) or (ii) in any such case for the purpose of a reconstruction or a consolidation or an amalgamation or a merger which has been approved by an Act of the holders of the senior non-preferred notes of such series).

Notwithstanding any other provision of the senior non-preferred indenture, any Resolution or Early Intervention with respect to BBVA will not, in and of itself and without regard to any other fact or circumstance, constitute a default or an event of default under the immediately preceding paragraph or any provision of the senior non-preferred indenture with respect to the senior non-preferred notes of any series. In addition, neither (i) a reduction or cancellation, in part or in full, of the Amounts Due on the senior non-preferred notes of any series, or the conversion thereof into another security or obligation of BBVA or another person, in each case as a result of the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority with respect to BBVA, nor (ii) the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority with respect to the senior non-preferred notes of any series, will constitute an event of default or default under the senior non-preferred indenture or the senior non-preferred notes of any series or otherwise constitute non-performance of a contractual obligation, or entitle the holders of the senior non-preferred notes of any such series to any remedies, which are hereby expressly waived. See “—Agreement with Respect to the Exercise of the Spanish Bail-in Power”. In addition, no repayment or payment of Amounts Due on the senior non-preferred notes of any series will become due and payable or be paid after the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority if, and to the extent that, such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise.

If an event of default with respect to the senior non-preferred notes of any series at the time outstanding occurs and is continuing, then the principal, or such lesser amount as may be provided for in the senior non-preferred notes of such series (if applicable), of such outstanding senior non-preferred notes or senior non-preferred note, as the case may be, shall be deemed to have been declared, and shall become, immediately and automatically due and payable.

For the avoidance of doubt, only an event of default (rather than any breach or default under the senior non-preferred indenture or the senior non-preferred notes of any series) may give rise to a declaration of acceleration pursuant to the provisions summarized above.

At any time after such a declaration of acceleration with respect to the senior non-preferred notes or a senior non-preferred note, as the case may be, of any series has been made and before a judgment or decree for payment of the money due has been obtained by the applicable trustee as provided in the senior non-preferred indenture, the holders of not less than a majority in principal amount of the outstanding senior non-preferred notes of such series may, by Act, rescind and annul such declaration and its consequences if:

- (i) BBVA has paid or deposited with the applicable trustee a sum of money sufficient to pay:
  - (A) all overdue installments of any interest on and additional amounts with respect to all senior non-preferred notes of such series;
  - (B) the principal of and any premium on any senior non-preferred notes of such series which have become due otherwise than by such declaration of acceleration and interest thereon and any

additional amounts with respect thereto at the rate or rates borne by or provided for in such senior non-preferred notes;

- (C) to the extent that payment of such interest or additional amounts is lawful, interest upon overdue installments of any interest and additional amounts at the rate or rates borne by or provided for in such senior non-preferred notes; and
  - (D) all sums paid or advanced by the applicable trustee and the reasonable compensation, expenses, disbursements and advances of the applicable trustee, its agents and counsel and all other amounts due to the applicable trustee under the senior non-preferred indenture; and
- (ii) all events of default with respect to senior non-preferred notes of such series shall have been cured or waived as provided in the senior non-preferred indenture.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

Subject to payment of the applicable trustee's fees and expenses and other amounts due to the trustee, the holders of not less than a majority in principal amount of the outstanding senior non-preferred notes of any series on behalf of the holders of all the senior non-preferred notes of such series may, by Act, waive any past default under the senior non-preferred indenture with respect to such series and its consequences, except a default in the payment of the principal of or any premium, or interest on, or any additional amounts with respect to, any senior non-preferred note of such series or in respect of a covenant or provision of the senior non-preferred indenture that cannot be modified or amended without the consent of the holder of each outstanding senior non-preferred notes of such series.

No holder of any of the senior non-preferred notes of any series has the right to institute any proceeding, judicial or otherwise, with respect to the senior non-preferred indenture, or for the appointment of a receiver or trustee, or any other remedy thereunder, unless (i) such holder has previously given written notice to the applicable trustee of a continuing event of default with respect to the senior non-preferred notes of such series; (ii) the holders of not less than 25% in principal amount of the outstanding senior non-preferred notes of such series have made written request to the applicable trustee to institute proceedings in respect of such event of default as trustee under the senior non-preferred indenture with respect to such series of senior non-preferred notes and such holder or holders have offered to the applicable trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (iii) the applicable trustee has failed to institute any such proceeding within 60 days after its receipt of such notice, request and offer of indemnity; and (iv) the applicable trustee has not received any direction inconsistent with such written request during such 60-day period by the holders of a majority in principal amount of the outstanding senior non-preferred notes of such series.

Except as set forth in the immediately following paragraph, notwithstanding any other provision in the senior non-preferred indenture and the senior non-preferred notes, the right of each holder is absolute and unconditional, to receive payment of the principal of, any premium and, subject to certain provisions in the senior non-preferred indenture with respect to payment of defaulted interest, interest on, and any additional amounts with respect to, his or her senior non-preferred note or notes on or after the respective maturity or maturities therefor specified in such senior non-preferred notes (or, in the case of redemption, on or after the redemption date) and to institute suit for the enforcement of any such payment, which cannot be impaired or affected without the consent of such holder, except that holders of not less than 75% in principal amount of outstanding senior non-preferred notes of a series may consent by Act, on behalf of the holders of all outstanding senior non-preferred notes of such series, to the postponement of the maturity of any installment of interest for a period not exceeding three years from the original maturity of such installment (which original maturity shall have been fixed, for the avoidance of doubt, prior to any previous postponements of such installment).

The senior non-preferred notes of any series may be subject to the exercise of the Spanish Bail-in Power, and no holder of any senior non-preferred note shall have any claim against BBVA in connection with or arising out of any such exercise.

Within 90 days after the occurrence of any default under the senior non-preferred indenture known to the applicable trustee with respect to the senior non-preferred notes of any series, such trustee shall transmit by mail to all holders of senior non-preferred notes of such series entitled to receive reports, notice of such default, unless such default shall have been cured or waived; provided, however, that the trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors and/or responsible officers of such trustee in good faith determine that the withholding of such notice is

in the best interest of the holders of senior non-preferred notes of such series. For the purpose of this paragraph, the term “default” means any event which is, or after notice or lapse of time or both would become, an event of default with respect to senior non-preferred notes of such series.

## **Subordinated Notes**

### ***Subordination of Subordinated Notes***

BBVA’s obligations under the subordinated notes, whether on account of principal, interest or otherwise, will constitute direct, unconditional and subordinated obligations. Subject to mandatory provisions of Spanish law, in the event of insolvency (*concurso*) of BBVA under the Insolvency Law, the obligations of BBVA on account of principal of the subordinated notes will fall within the category of subordinated credits (*créditos subordinados*) (as defined in the Insolvency Law) and will rank in right of payment after Senior Indebtedness (as defined below) and will at all times rank *pari passu* among themselves and *pari passu* with all other present and future subordinated credits (*créditos subordinados*) (as defined in the Insolvency Law) of BBVA, except for certain subordinated obligations expressed, by law or by their terms, to rank senior or junior to the subordinated notes. Accordingly, no amount shall be payable to the holders of subordinated notes until the claims with respect to all Senior Indebtedness (other than as aforesaid) admitted in the insolvency (*concurso*) of BBVA under the Insolvency Law have been satisfied pursuant to the laws of Spain. Additional detail on the status of the securities may be included in the applicable prospectus supplement.

Prior to any voluntary or necessary declaration of insolvency (*concurso*) of BBVA under the Insolvency Law or any voluntary or mandatory liquidation of BBVA or similar procedure, BBVA may be subject to an Early Intervention or Resolution and the subordinated notes of any series may be subject to the exercise of the Spanish Bail-in Power, in which case no holder of any subordinated note shall have any claim against BBVA in connection with or arising out of any such exercise of the Spanish Bail-in Power.

Except as provided above, nothing contained in the subordinated indenture or in any of the subordinated notes will affect the obligation of BBVA to make, or prevent BBVA from making, at any time, payments of principal of (or premium, if any) or interest, if any, on the subordinated notes or on account of the purchase or other acquisition of subordinated notes or prevent the application by the applicable trustee of any moneys deposited with it under the subordinated indenture to the payment of or on account of the principal of (or premium, if any) or interest, if any, on the subordinated notes, unless such trustee shall have received written notice of any event prohibiting the making of such payment.

Any renewal or extension of the time of payment of any Senior Indebtedness or the exercise by the holders of Senior Indebtedness of any of their rights under any instrument creating or evidencing Senior Indebtedness, including, without limitation, the waiver of default thereunder, may be made or done all without notice to or assent from the holders of the subordinated notes or the applicable trustee.

No compromise, alteration, amendment, modification, extension, renewal or other change of, or waiver, consent or other action in respect of, any liability or obligation under or in respect of, or of any of the terms, covenants or conditions of any indenture or other instrument under which any Senior Indebtedness is outstanding or of such Senior Indebtedness, whether or not such release is in accordance with the provisions of any applicable document, will in any way alter or affect any of the subordination provisions of the subordinated indenture or of the subordinated notes relating to the subordination thereof.

Each holder of subordinated notes by his or her acceptance thereof authorizes and directs the applicable trustee on his or her behalf to take such action as may be necessary or appropriate to effectuate the subordination of the subordinated notes as provided in the subordinated indenture and as summarized herein and appoints the applicable trustee his attorney-in-fact for any and all such purposes, including, if required, to grant any private or public documents on such holder’s behalf.

The applicable trustee’s claims under the subordinated indenture are not subordinated.

“Senior Indebtedness” means, with respect to BBVA, all rights and claims, whether outstanding on the date of the subordinated indenture or thereafter created, incurred, assumed or guaranteed, and all amendments, renewals, extensions, modifications and refundings of indebtedness or obligations represented by such rights and claims, (i) of privileged creditors (*acreedores privilegiados*), unsecured and unsubordinated creditors (*acreedores comunes*), those subordinated creditors referred to in art. 92.1 of the Insolvency Law and insolvency



estate creditors (*acreedores contra la masa*) of BBVA, in each case as determined in accordance with the Insolvency Law; or (ii) if such Insolvency Law is no longer in effect, all of such rights and claims of all creditors of BBVA, unless in any such case the instrument by which the indebtedness or obligations represented by such rights and claims are created, incurred, assumed or guaranteed by BBVA, or are evidenced, provides that they are subordinate, or are not superior, in right of payment to the subordinated notes.

### ***Events of Default***

“Event of default”, wherever used with respect to subordinated notes of any series, means any one of the following events, unless, with respect to a particular series of subordinated notes, such event is specifically deleted or modified in or pursuant to supplemental indentures or Board resolutions creating such series of subordinated notes or in the officer’s certificate for such series:

- an order is made by any competent court commencing insolvency proceedings (*procedimientos concursales*) against BBVA or an order of any competent court or administrative agency is made or a resolution is passed by BBVA for the dissolution or winding up of BBVA, except in any such case for the purpose of a reconstruction or a merger or amalgamation which has been approved by an Act of the holders relating to such series, or where the entity resulting from any such reconstruction or merger or amalgamation is a financial institution (*entidad de crédito* according to Article 1 of Law 10/2014) and will have a rating for long-term senior debt assigned by Standard & Poor’s Ratings Services, Moody’s Investors Service or Fitch Ratings Ltd. equivalent to or higher than the rating for long-term senior debt of BBVA immediately prior to such reconstruction or merger or amalgamation; or
- any other event of default that may be specified pursuant to the subordinated indenture.

Notwithstanding the above, any Resolution or Early Intervention with respect to BBVA will not, in and of itself and without regard to any other fact or circumstance, constitute a default or an event of default under the first bullet point set forth above or any provision of the subordinated indenture with respect to the subordinated notes of any series. In addition, neither (i) a reduction or cancellation, in part or in full, of the Amounts Due on the subordinated notes of any series, or the conversion thereof into another security or obligation of BBVA or another person, in each case as a result of the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority with respect to BBVA, nor (ii) the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority with respect to the subordinated notes of any series, will constitute an event of default or default under the subordinated indenture or the subordinated notes of any series. See “—Agreement with Respect to the Exercise of the Spanish Bail-in Power”. In addition, no repayment or payment of Amounts Due on the subordinated notes of any series will become due and payable or be paid after the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority if, and to the extent that, such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise.

If an event of default with respect to the subordinated notes of any series at the time outstanding occurs and is continuing, then the applicable trustee, acting pursuant to an Act of the holders of the subordinated notes of the relevant series, with respect to all outstanding subordinated notes of such series, or the holder of any outstanding subordinated note of the relevant series, with respect to such subordinated note held by such holder, may declare the principal, or such lesser amount as may be provided for in the subordinated notes of such series (if applicable), of such subordinated notes or subordinated note, as the case may be, to be due and payable immediately in accordance with the terms of the subordinated indenture.

At any time after such a declaration of acceleration with respect to the subordinated notes or a subordinated note, as the case may be, of any series has been made and before a judgment or decree for payment of the money due has been obtained by the applicable trustee as provided in the subordinated indenture, the holders of not less than a majority in principal amount of the outstanding subordinated notes of such series may, by Act, rescind and annul such declaration and its consequences if:

- (i) BBVA has paid or deposited with the applicable trustee a sum of money sufficient to pay:
  - (A) all overdue installments of any interest on and additional amounts with respect to all subordinated notes of such series;
  - (B) the principal of and any premium on any subordinated notes of such series which have become due otherwise than by such declaration of acceleration and interest thereon and any additional amounts with respect thereto at the rate or rates borne by or provided for in such subordinated notes;

- (C) to the extent that payment of such interest or additional amounts is lawful, interest upon overdue installments of any interest and additional amounts at the rate or rates borne by or provided for in such subordinated notes; and
  - (D) all sums paid or advanced by the applicable trustee and the reasonable compensation, expenses, disbursements and advances of the applicable trustee, its agents and counsel and all other amounts due to the applicable trustee under the subordinated indenture; and
- (ii) all events of default with respect to subordinated notes of such series, other than the non-payment of the principal of and any premium and interest on, and any additional amounts with respect to subordinated notes of such series which have become due solely by such declaration of acceleration, shall have been cured or waived as provided in the subordinated indenture.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

Subject to payment of the applicable trustee's fees and expenses, the holders of not less than a majority in principal amount of the outstanding subordinated notes of any series on behalf of the holders of all the subordinated notes of such series may, by Act, waive any past event of default under the subordinated indenture with respect to such series and its consequences, except a default in the payment of the principal of or any premium, or interest on, or any additional amounts with respect to, any subordinated note of such series or in respect of a covenant or provision of the subordinated indenture that cannot be modified or amended without the consent of each holder of outstanding subordinated notes of such series.

No holder of any of the subordinated notes of any series has the right to institute any proceeding, judicial or otherwise, with respect to the subordinated indenture, or for the appointment of a receiver or trustee, or any remedy thereunder, unless (i) such holder has previously given written notice to the applicable trustee of a continuing event of default with respect to the subordinated notes of such series; (ii) the holders of not less than 25% in principal amount of the outstanding subordinated notes of such series have made written request to the applicable trustee to institute proceedings in respect of such event of default as trustee under the subordinated indenture with respect to such series of subordinated notes and such holder or holders have offered to the applicable trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (iii) the applicable trustee has failed to institute any such proceeding within 60 days after its receipt of such notice, request and offer of indemnity; and (iv) the applicable trustee has not received any direction inconsistent with such written request during such 60-day period by the holders of a majority in principal amount of the outstanding subordinated notes of such series.

Except as set forth in the immediately following paragraph, notwithstanding any other provision in the subordinated indenture and the subordinated notes, the right of each holder is absolute and unconditional, to receive payment of the principal of, any premium and, subject to certain provisions in the subordinated indenture with respect to payment of defaulted interest, interest on, and any additional amounts with respect to, his or her subordinated note or notes on or after the respective maturity or maturities therefor specified in such subordinated notes (or, in the case of redemption, on or after the redemption date or, in the case of repayment at the option of such holder if provided in or pursuant to the subordinated indenture, on or after the date such repayment is due) and to institute suit for the enforcement of any such payment, which cannot be impaired or affected without the consent of such holder, except that holders of not less than 75% in principal amount of outstanding subordinated notes of a series may consent by Act, on behalf of the holders of all outstanding subordinated notes of such series, to the postponement of the maturity of any installment of interest for a period not exceeding three years from the original maturity of such installment (which original maturity shall have been fixed, for the avoidance of doubt, prior to any previous postponements of such installment).

The subordinated notes of any series may be subject to the exercise of the Spanish Bail-in Power, and no holder of any subordinated note shall have any claim against BBVA in connection with or arising out of any such exercise.

Within 90 days after the occurrence of any default under the subordinated indenture known to the applicable trustee with respect to the subordinated notes of any series, such trustee shall transmit by mail to all holders of subordinated notes of such series entitled to receive reports, notice of such default, unless such default shall have been cured or waived. Except in the case of a default in the payment of the principal of (or premium, if any), or interest, if any, on, or additional amounts with respect to, any subordinated note of such series, such trustee may withhold such notice if and so long as the board of directors, the executive committee or a trust committee of directors and/or responsible officers of such trustee in good faith determine that the withholding of such notice is

in the best interest of the holders of subordinated notes of such series. For the purpose of this paragraph, the term “default” means any event which is, or after notice or lapse of time or both would become, an event of default with respect to subordinated notes of such series.

### ***Perpetual Subordinated Debt***

BBVA may not issue subordinated notes under the subordinated indenture that do not have a stated maturity or which are otherwise treated as equity for U.S. federal income tax purposes.

### **Agreement with Respect to the Exercise of the Spanish Bail-in Power**

Notwithstanding any other term of the notes of any series, the indentures or any other agreements, arrangements, or understandings between BBVA and any holder, by its acquisition of any notes offered hereunder, each holder (which, for the purposes of this section, includes each holder of a beneficial interest in the notes) acknowledges, accepts, consents to and agrees to be bound by: (i) the exercise and effects of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority, which may be imposed with or without any prior notice with respect to the notes of any series, and may include and result in any of the following, or some combination thereof: (1) the reduction or cancellation of all, or a portion, of the Amounts Due on the notes of any series; (2) the conversion of all, or a portion, of the Amounts Due on the notes of any series into shares, other securities or other obligations of BBVA or another person (and the issue to or conferral on the holder of any such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the notes; (3) the cancellation of the notes of any series; (4) the amendment or alteration of the maturity of the notes of any series or amendment of the amount of interest payable on the notes of any series, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and (ii) the variation of the terms of the notes of any series or the rights of the holders thereunder or under the relevant indenture, if necessary, to give effect to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority.

By its acquisition of any notes offered hereunder, each holder thereof acknowledges and agrees that neither a reduction or cancellation, in part or in full, of the Amounts Due on the notes of any series or the conversion thereof into another security or obligation of BBVA or another person, in each case as a result of the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority with respect to BBVA, nor the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority with respect to the notes of a series shall: (i) give rise to a default or event of default for purposes of Section 315(b) (Notice of Defaults) and Section 315(c) (Duties of the Trustee in Case of Default) of the Trust Indenture Act or (ii) be a default or an event of default with respect to the notes or under the relevant indenture. By its acquisition of any notes offered hereunder, each holder further acknowledges and agrees that no repayment or payment of Amounts Due on the notes of any series will become due and payable or be paid after the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority if, and to the extent that, such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise.

By its acquisition of any notes offered hereunder, each holder thereof, to the extent permitted by the Trust Indenture Act, waives any and all claims, in law and/or in equity, against the trustee for, agrees not to initiate a suit against the trustee in respect of, and agrees that the trustee shall not be liable for, any action that the trustee takes, or abstains from taking, in either case in accordance with the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority with respect to the notes of such series. Additionally, by its acquisition of any notes of any series offered hereunder, each holder thereof acknowledges and agrees that, upon the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority with respect to such series of notes, (i) the trustee shall not be required to take any further directions from holders of the notes of such series with respect to any portion of the notes of such series that is written down, converted to equity and/or cancelled under the provision of the applicable indenture which authorizes holders of a majority in aggregate outstanding principal amount of the notes of a series to direct certain actions relating to the notes of such series, and (ii) the applicable indenture shall not impose any duties upon the trustee whatsoever with respect to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority; provided, however, that notwithstanding the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority with respect to a series of notes, so long as any notes of such series remain outstanding, there shall at all times be a trustee for the notes of such series, and the resignation and/or removal of the applicable trustee and the appointment of a successor trustee shall continue to be governed by the relevant indenture, including to the extent no additional supplemental indenture or amendment is agreed upon in the event the notes of such series remain outstanding following the completion of the exercise of the Spanish Bail-in Power.

By its acquisition of any notes offered hereunder, each holder further agrees to be deemed to have authorized, directed and requested the relevant depository (including, if applicable, DTC) and any direct participant therein or other intermediary through which it holds such notes to take any and all necessary action, if

required, to implement the exercise of the Spanish Bail-in Power with respect to the notes as it may be imposed, without any further action or direction on the part of such holder.

Upon the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority with respect to the notes of a series, BBVA or the Relevant Spanish Resolution Authority (as the case may be) will provide a written notice to the depository as soon as practicable regarding such exercise of the Spanish Bail-in Power for purposes of notifying the holders of the notes of such series. BBVA will also deliver a copy of such notice to the trustee for information purposes.

If BBVA or, with respect to a series of senior notes or subordinated notes, the holders (where applicable) have elected to redeem the notes of any series but prior to (with respect to a series of senior notes or subordinated notes) the deposit with the trustee or with a paying agent, as the case may be, or (with respect to a series of senior non-preferred notes), prior to the payment to holders, of the redemption price with respect to such redemption the Relevant Spanish Resolution Authority exercises its Spanish Bail-in Power with respect to such notes, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect, and no payment of the redemption price (and any accrued interest and additional amounts payable under the relevant indenture) will be due and payable.

Upon the exercise of the Spanish Bail-in Power with respect to a series of notes which results in the redemption, cancellation, or the conversion into other securities, of all the Amounts Due on the notes of such series or such notes otherwise ceasing to be outstanding, the applicable indenture shall be deemed satisfied and discharged as to such series and such notes shall thereafter be deemed to be not “outstanding”.

#### ***Subsequent Holders’ Agreement***

Holders (which, for the purposes of this section, includes each holder of a beneficial interest in the notes) of any notes offered hereunder that acquire such notes in the secondary market or otherwise shall be deemed to acknowledge, agree to be bound by and consent to the same provisions specified herein to the same extent as the holders of any notes offered hereunder that acquire such notes upon their initial issuance, including, without limitation, with respect to the acknowledgement and agreement to be bound by and consent to the terms of the notes related to the exercise of the Spanish Bail-in Power set forth under “—Agreement with Respect to the Exercise of the Spanish Bail-in Power”.

## DESCRIPTION OF THE CONTINGENT CONVERTIBLE PREFERRED SECURITIES OF BBVA

This section describes the general terms and provisions of the indenture dated as of September 25, 2017 (the “contingent convertible preferred securities indenture”) between BBVA, as issuer, and The Bank of New York Mellon, as trustee, which sets forth certain provisions with respect to the contingent convertible preferred securities that may be offered by BBVA. A prospectus supplement will describe the specific terms of a particular series of contingent convertible preferred securities and any general terms outlined in this section that will not apply to those contingent convertible preferred securities. In this section, “Description of the Contingent Convertible Preferred Securities of BBVA,” the term “holder” shall mean the person in whose name the notes are registered, unless otherwise indicated herein or in the applicable prospectus supplement. If there is any conflict between the prospectus supplement and this prospectus, then the terms and provisions in the prospectus supplement apply unless they are inconsistent with the terms of the contingent convertible preferred securities indenture or the supplemental indenture or Board resolution creating a particular series of contingent convertible preferred securities.

Material information about the contingent convertible preferred securities and the contingent convertible preferred securities indenture is summarized below and in the applicable prospectus supplement. Because this is only a summary, however, it does not contain all the details found in the full text of the contingent convertible preferred securities indenture and the contingent convertible preferred securities. If you would like additional information, you should read the contingent convertible preferred securities indenture and the contingent convertible preferred securities as well as the supplemental indenture or Board resolution creating a particular series of contingent convertible preferred securities or the officer’s certificate for such series. Whenever we refer to specific provisions of or terms defined in the contingent convertible preferred securities indenture in this prospectus we incorporate by reference into this prospectus such specific provisions of or terms defined in the contingent convertible preferred securities indenture.

BBVA may issue future contingent convertible preferred securities under other indentures or documentation which contain provisions different from those included in the contingent convertible preferred securities indenture described here. BBVA is not prohibited under the contingent convertible preferred securities or the contingent convertible preferred securities indenture from paying any amounts due under any of its obligations at a time when an Enforcement Event (as defined below) has occurred or when they have failed to pay any amounts due under the contingent convertible preferred securities or the contingent convertible preferred securities indenture.

The contingent convertible preferred securities indenture has been filed with the SEC as an exhibit to the registration statement that includes this prospectus. The contingent convertible preferred securities indenture will be qualified under the Trust Indenture Act. Under the provisions of the Trust Indenture Act, if the same institution acts as trustee under the contingent convertible preferred securities indenture and under another indenture of BBVA (such as the senior indenture or the subordinated indenture), upon a default in any series of securities issued under any such other indenture, the trustee may be deemed to have a conflicting interest and may be required to resign under the contingent convertible preferred securities indenture and a successor trustee will be appointed.

### General

The contingent convertible preferred securities indenture does not limit the aggregate liquidation preference of contingent convertible preferred securities that BBVA may issue under it.

Neither the contingent convertible preferred securities indenture nor the contingent convertible preferred securities will limit or otherwise restrict the amount of other indebtedness or other securities which BBVA or any of its subsidiaries may incur or issue, including the issuance of further contingent convertible preferred securities. BBVA can issue contingent convertible preferred securities from time to time in one or more series, up to any aggregate liquidation preference that BBVA may authorize. Unless previously converted into Common Shares, the contingent convertible preferred securities will constitute direct, unconditional and unsecured obligations of BBVA.

The contingent convertible preferred securities indenture provides that there may be more than one trustee under such indenture, each with respect to one or more series of notes. Any trustee may resign or be removed with respect to any series of contingent convertible preferred securities issued under the contingent convertible preferred securities indenture and a successor trustee may be appointed.

BBVA or any of its subsidiaries may purchase contingent convertible preferred securities at any price in the open market or otherwise, in accordance with Articles 77 and 78 of CRR, Article 29 of the Commission Delegated Regulation (EU) No 241/2014 and/or any other Applicable Banking Regulations in force at the relevant time. Such contingent convertible preferred securities purchased may be held, reissued, resold or



surrendered to the relevant Paying Agent (as defined below) and/or the relevant registrar for cancellation, except that contingent convertible preferred securities purchased by BBVA must be surrendered to the relevant Paying Agent and/or the relevant registrar for cancellation in accordance with Applicable Banking Regulations.

The holders of any series of contingent convertible preferred securities are not entitled to receive notice of or to attend any extraordinary or ordinary meetings of Shareholders of BBVA and will have no voting rights with respect thereto.

The contingent convertible preferred securities are BBVA's subordinated non-step-up non-cumulative convertible preferred securities convertible into BBVA's ordinary shares only upon the occurrence of certain events. The contingent convertible preferred securities are not deposits and are not insured or guaranteed by the U.S. Federal Deposit Insurance Corporation or any other government agency of the United States or Spain.

BBVA may issue contingent convertible preferred securities in one or more series. The relevant prospectus supplement for any particular series of contingent convertible preferred securities will describe the terms of the offered contingent convertible preferred securities, including, but not limited to, some or all of the following terms, to the extent such terms differ from or are in addition to those set forth in this prospectus:

- the specific designation and Liquidation Preference (as defined below) of the contingent convertible preferred securities;
- how to calculate Distributions (as defined below), if any, and the terms or circumstances under which any such Distributions may be cancelled in whole or in part, if any;
- the date or dates from which Distributions, if any, will accrue or the method or methods, if any, by which such date or dates will be determined;
- the price or prices at which they will be issued;
- the terms on which the contingent convertible preferred securities may or are required to convert into ordinary shares of BBVA and any specific terms relating to the conversion or exchange feature, including upon the occurrence of certain events relating to our financial condition;
- whether payments are subject to certain conditions that relate to our financial condition, including our capital ratios;
- the times and places at which any Distributions are payable;
- the terms and conditions of any mandatory redemption;
- the terms and conditions, if any, under which BBVA may elect to substitute or vary the terms of the contingent convertible preferred securities;
- the currency or currencies in which Liquidation Preference and Distributions are denominated and in which BBVA will make any payments;
- any index used to determine the amount of any payments on the contingent convertible preferred securities;
- any restrictions that apply to the offer, sale and delivery of the contingent convertible preferred securities;
- whether and under what circumstances, if other than those described in this prospectus, BBVA will pay additional amounts on the contingent convertible preferred securities following certain developments with respect to withholding tax or information reporting laws and whether, and on what terms, if other than those described in this prospectus, BBVA may redeem the contingent convertible preferred securities following those developments;
- the clearing system or systems on which the contingent convertible preferred securities will be cleared and settled; and
- any listing on a securities exchange.

Holders of contingent convertible preferred securities shall have no voting rights except those described under the heading “—Modification and Waiver” below, unless and until such contingent convertible preferred securities are converted into BBVA's ordinary shares, in which case holders will have the voting rights described under “Description of BBVA Ordinary Shares”.

## Certain Defined Terms

In this “Description of the Contingent Convertible Preferred Securities of BBVA”, the following terms have the following meanings:

“Accounting Currency” means euro or such other primary currency used in the presentation of the BBVA Group’s accounts from time to time;

“Additional Amounts” has the meaning set forth under “—Additional Amounts”;

“Additional Tier 1 Capital” means Additional Tier 1 capital (*capital de nivel 1 adicional*) as provided under Applicable Banking Regulations;

“Additional Tier 1 Instrument” means any contractually subordinated obligation of BBVA constituting an Additional Tier 1 instrument (*instrumento de capital de nivel 1 adicional*) in accordance with Applicable Banking Regulations;

“ADS Depository” means The Bank of New York Mellon, as the depository under BBVA’s deposit agreement (see “Description of BBVA American Depository Shares”) or any successor ADS depository;

“Agents” means the agents appointed in accordance with the contingent convertible preferred securities indenture or any applicable supplemental indenture and shall include any Paying Agent, contingent convertible preferred security registrar, Paying and Conversion Agent, Calculation Agent and Authenticating Agent;

“Applicable Banking Regulations” means, when used with respect to the contingent convertible preferred securities of any series, at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy, resolution and/or solvency then applicable to BBVA and/or the BBVA Group including, without limitation to the generality of the foregoing, CRD IV, the BRRD and those laws, regulations, requirements, guidelines and policies relating to capital adequacy, resolution and/or solvency then in effect in Spain (whether or not such regulations, requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to BBVA and/or the BBVA Group);

“Authenticating Agent” means, when used with respect to the contingent convertible preferred securities of any series, any person authorized by the trustee pursuant to the contingent convertible preferred securities indenture to act on behalf of the trustee to authenticate contingent convertible preferred securities of such series. Initially, and unless otherwise specified, The Bank of New York Mellon, acting through its principal corporate trust office in New York will act as Authenticating Agent;

“BRRD” means Directive 2014/59/EU of the European Parliament and the Council of the European Union of May 15, 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms, as implemented into Spanish law, as amended or supplemented from time to time, or any such other directive as may come into effect in place thereof, and including any other relevant implementing regulatory provisions;

“Business Day” means, unless otherwise provided in the applicable prospectus supplement, any day, other than Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law, regulation or executive order to close in the City of New York, London, Madrid or any other place or places where the Liquidation Preference (and premium, if any) of, or any Distributions on, or any Additional Amounts with respect to the contingent convertible preferred securities of that series are payable;

“Calculation Agent” means, when used with respect to the contingent convertible preferred securities of any series, any person authorized by BBVA as the party responsible for calculating the Distribution Rate and/or such other amount(s) from time to time in relation to such series of contingent convertible preferred securities;

“Capital Event” means, when used with respect to the contingent convertible preferred securities of any series, a change (or any pending change which the Regulator considers to be sufficiently certain) in Spanish law or Applicable Banking Regulations that results (or would result) in any of the outstanding aggregate Liquidation Preference of the contingent convertible preferred securities of such series ceasing to be included in, or counting towards, the BBVA Group’s or BBVA’s Tier 1 Capital;

“Capital Reduction” means the adoption, in accordance with Article 418.3 of the Spanish Companies Act, by a general shareholders’ meeting of BBVA of a resolution of capital reduction by reimbursement of cash

contributions (*restitución de aportaciones*) to shareholders by way of a reduction in the nominal value of the shares of such shareholders in the capital of BBVA. A resolution of capital reduction for the redemption of any Common Shares previously repurchased by BBVA will not be considered a Capital Reduction for the purposes of the contingent convertible preferred securities indenture;

“Capital Reduction Conversion” has the meaning specified in “—Conversion—Conversion Upon Capital Reduction” below;

“Capital Reduction Notice” has the meaning specified in “—Conversion—Conversion Procedures” below, which notice shall specify the Election Period and the procedures for holders to deliver an Election Notice;

“Capital Reduction Notice Date” means the date on which a Capital Reduction Notice is deemed to be given;

“Cash Dividend” means (i) any Dividend which is to be paid or made in cash (in whatever currency), but other than falling within paragraph (b) of the definition of “Spin-Off” and (ii) any Dividend determined to be a Cash Dividend pursuant to paragraph (a) of the definition of “Dividend”, but a Dividend falling within paragraph (c) or (d) of the definition of “Dividend” shall be treated as being a Non-Cash Dividend;

“CET1 Capital” means, at any time, the common equity tier 1 capital of BBVA or the BBVA Group, respectively, as calculated by BBVA in accordance with Chapter 2 (Common Equity Tier 1 Capital) of Title I (Elements of Own Funds) of Part Two (Own Funds) of the CRR and/or Applicable Banking Regulations at such time, including any applicable transitional, phasing in or similar provisions;

“CET1 ratio” means, at any time, with respect to BBVA or the BBVA Group, as the case may be, the reported ratio (expressed as a percentage) of the aggregate amount (in the Accounting Currency) of the CET1 Capital of BBVA or the BBVA Group, respectively, at such time divided by the Risk Weighted Assets Amount of BBVA or the BBVA Group, respectively, at such time, all as calculated by BBVA;

“Clearing System” means DTC or any of the European Clearing Systems, as applicable;

“Closing Price” means, in respect of a Common Share and in relation to any dealing day, the price per Common Share quoted by the Relevant Stock Exchange as the closing price or closing auction price of a Common Share on such dealing day;

“Common Shares” means ordinary shares in the capital of BBVA, each of which confers on the holder one vote at general meetings of BBVA and is credited as fully paid up;

“Conversion” means a Trigger Conversion or a Capital Reduction Conversion, as the case may be;

“Conversion Event” means a Trigger Event or a Capital Reduction, as the case may be;

“Conversion Notice” means a Trigger Event Notice or a Capital Reduction Notice, as the case may be;

“Conversion Notice Date” means the Trigger Event Notice Date or the Capital Reduction Notice Date, as the case may be;

“Conversion Price” has the meaning specified under “—Conversion—Conversion Price”;

“Conversion Settlement Date” means the date on which the relevant Common Shares are to be delivered following Conversion, which shall be as soon as practicable and in any event not later than one month following (or such other period as Applicable Banking Regulations may require) the relevant Conversion Notice Date;

“Conversion Shares Depository” means, when used with respect to the contingent convertible preferred securities of any series, a reputable independent financial institution, trust company or similar entity to be appointed by BBVA on or prior to any date when a function ascribed to the Conversion Shares Depository is required to be performed to perform such functions and who will hold Common Shares in Iberclear or any of its participating entities in a designated trust or custody account for the benefit of the holders of the contingent convertible preferred securities of such series and otherwise on terms consistent with the terms of the contingent convertible preferred securities of such series and the contingent convertible preferred securities indenture;

“CRD IV” means any or any combination of the CRD IV Directive, the CRR and any CRD IV Implementing Measures;

“CRD IV Directive” means, when used with respect to the contingent convertible preferred securities of any series, Directive 2013/36/EU of the European Parliament and of the Council of June 26, on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as amended or supplemented from time to time, or such other directive as may come into effect in place thereof;

“CRD IV Implementing Measures” means, when used with respect to the contingent convertible preferred securities of any series, any regulatory capital rules implementing the CRD IV Directive or the CRR which may from time to time be introduced, including, but not limited to, delegated or implementing acts (regulatory technical standards) adopted by the European Commission, national laws and regulations, and regulations and guidelines issued by the Regulator, the European Banking Authority or any other relevant authority, which are applicable to BBVA (on a standalone basis) or the BBVA Group (on a consolidated basis), including, without limitation, Law 10/2014 and any other regulation, circular or guidelines implementing or developing Law 10/2014;

“CRR” means, when used with respect to the contingent convertible preferred securities of any series, Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26, on the prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012, as amended or supplemented from time to time, or such other regulation as may come into effect in place thereof;

“Current Market Price” means, in respect of a Common Share at a particular date, the average of the daily Volume Weighted Average Price of a Common Share on each of the five consecutive dealing days ending on the dealing day immediately preceding such date (the “Relevant Period”) (rounded if necessary to the nearest cent with 0.5 cents being rounded upwards); provided that if at any time during the Relevant Period the Volume Weighted Average Price shall have been based on a price ex-Dividend (or ex-any other entitlement) and during some other part of that period the Volume Weighted Average Price shall have been based on a price cum-Dividend (or cum-any other entitlement), then:

- if the Common Shares to be issued and delivered are not entitled to receive the Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Common Shares shall have been based on a price cum-Dividend (or cum-any other entitlement) shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Common Share as at the date of the first public announcement relating to such Dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit; or
- if the Common Shares to be issued and delivered are entitled to receive the Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Common Shares shall have been based on a price ex-Dividend (or ex-any other entitlement) shall for the purposes of this definition be deemed to be the amount thereof increased by an amount equal to the Fair Market Value of any such Dividend or entitlement per Common Share as at the date of the first public announcement relating to such Dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit,

and provided further that:

- (i) if on each of the dealing days in the Relevant Period the Volume Weighted Average Price shall have been based on a price cum-Dividend (or cum-any other entitlement) in respect of a Dividend (or other entitlement) which has been declared or announced but the Common Shares to be issued and delivered are not entitled to receive that Dividend (or other entitlement) the Volume Weighted Average Price on each of such dates shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Common Share as at the date of first public announcement relating to such Dividend or entitlement; and
- (ii) if the Volume Weighted Average Price of a Common Share is not available on one or more of the dealing days in the Relevant Period (disregarding for this purpose the proviso to the definition of Volume Weighted Average Price), then the average of such Volume Weighted Average Prices which are available in the Relevant Period shall be used (subject to a minimum of two such prices) and if only one, or no, such Volume Weighted Average Price is available in the Relevant Period the Current Market Price shall be determined in good faith by an Independent Financial Adviser.

In making any calculation or determination of Current Market Price or Volume Weighted Average Price, such adjustments (if any) shall be made as an Independent Financial Adviser determines in good faith appropriate to reflect any consolidation or sub-division of the Common Shares or any issue of Common Shares by way of capitalization of profits or reserves, or any like or similar event;

“dealing day” means a day on which the Relevant Stock Exchange or relevant stock exchange or securities market is open for business and on which Common Shares, Securities, Spin-Off Securities, options, warrants or other rights (as the case may be) may be dealt in (other than a day on which the Relevant Stock Exchange or relevant stock exchange or securities market is scheduled to or does close prior to its regular weekday closing time);

“Delivery Notice” means a notice in the form for the time being currently available from the specified office of any Paying and Conversion Agent which contains the relevant account and related details for the delivery of any Common Shares (or ADSs) and such other information as is required in accordance with the contingent convertible preferred securities indenture, and which is required to be delivered in connection with a conversion of the contingent convertible preferred securities and the delivery of the Common Shares (or ADSs);

“Distributable Items” shall have the meaning given to such term in CRD IV, as interpreted and applied in accordance with Applicable Banking Regulations;

“Distribution” means the non-cumulative cash distribution, if any, in respect of a series of contingent convertible preferred securities in a Distribution Period;

“Distribution Payment Date” shall have the meaning as determined in the relevant prospectus supplement;

“Distribution Period” means the period from and including one Distribution Payment Date (or, in the case of the first Distribution Period, the date of issuance) to but excluding the next Distribution Payment Date;

“Distribution Rate” means the rate at which the contingent convertible preferred securities of a series accrue Distributions in accordance with “—Payments—Distributions” below;

“Dividend” means any dividend or distribution to Shareholders in respect of the Common Shares (including a Spin-Off) whether of cash, assets or other property (and for these purposes a distribution of assets includes without limitation an issue of Common Shares or other Securities credited as fully or partly paid up by way of capitalization of profits or reserves), and however described and whether payable out of share premium account, profits, retained earnings or any other capital or revenue reserve or account, and including a distribution or payment to Shareholders upon or in connection with a reduction of capital, provided that:

(a) where:

- (i) a Dividend in cash is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the issue or delivery of Common Shares or other property or assets, or where a capitalization of profits or reserves is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the payment of cash, then the Dividend in question shall be treated as a Cash Dividend of an amount equal to the greater of (A) the Fair Market Value of such cash amount and (B) the Current Market Price of such Common Shares as at the first date on which the Common Shares are traded ex-the relevant Dividend on the Relevant Stock Exchange or, as the case may be, the record date or other due date for establishment of entitlement in respect of the relevant capitalization or, as the case may be, the Fair Market Value of such other property or assets as at the date of the first public announcement of such Dividend or capitalization or, in any such case, if later, the date on which the number of Common Shares (or amount of such other property or assets, as the case may be) which may be issued and delivered is determined; or
- (ii) there shall be any issue of Common Shares by way of capitalization of profits or reserves (including any share premium account or capital redemption reserve) where such issue is, or is expressed to be, in lieu of a Dividend (whether or not a Cash Dividend equivalent or amount is announced or would otherwise be payable to Shareholders, whether at their election or otherwise), the Dividend in question shall be treated as a Cash Dividend of an amount equal to the Current Market Price of such Common Shares as at the first date on which the Common Shares are traded ex-the relevant Dividend on the Relevant Stock Exchange or, as the case may be, the record date or other due date for establishment of entitlement in respect of the relevant capitalization or, in any such case, if later, the date on which the number of Common Shares to be issued and delivered is determined;

(b) any issue of Common Shares falling within subparagraphs (a) and (b) of “—Conversion—Conversion Price—Anti-Dilution Adjustment of the Floor Price” below shall be disregarded;



- (c) a purchase or redemption or buy back of share capital of BBVA by or on behalf of BBVA in accordance with any general authority for such purchases or buy backs approved by a general meeting of Shareholders and otherwise in accordance with the limitations prescribed under the Spanish Companies Act for dealings generally by a company in its own shares shall not constitute a Dividend and any other purchase or redemption or buy back of share capital of BBVA by or on behalf of BBVA or any member of the BBVA Group shall not constitute a Dividend unless, in the case of a purchase or redemption or buy back of Common Shares by or on behalf of BBVA or any member of the BBVA Group, the weighted average price per Common Share (before expenses) on any one day (a “Specified Share Day”) in respect of such purchases or redemptions or buy backs (translated, if not in the Share Currency, into the Share Currency at the Prevailing Rate on such day) exceeds by more than 5% the average of the daily Volume Weighted Average Price of a Common Share on the five dealing days immediately preceding the Specified Share Day or, where an announcement (excluding, for the avoidance of doubt for these purposes, any general authority for such purchases, redemptions or buy backs approved by a general meeting of Shareholders or any notice convening such a meeting of Shareholders) has been made of the intention to purchase, redeem or buy back Common Shares at some future date at a specified price or where a tender offer is made, on the five dealing days immediately preceding the date of such announcement or the date of first public announcement of such tender offer (and regardless of whether or not a price per Common Share, a minimum price per Common Share or a price range or a formula for the determination thereof is or is not announced at such time), as the case may be, in which case such purchase, redemption or buy back shall be deemed to constitute a Dividend in the Share Currency in an amount equal to the amount by which the aggregate price paid (before expenses) in respect of such Common Shares purchased, redeemed or bought back by BBVA or, as the case may be, any member of the BBVA Group (translated where appropriate into the Share Currency as provided above) exceeds the product of (i) 105% of the daily Volume Weighted Average Price of a Common Share determined as aforesaid and (ii) the number of Common Shares so purchased, redeemed or bought back;
- (d) if BBVA or any member of the BBVA Group shall purchase, redeem or buy back any depositary or other receipts or certificates representing Common Shares, the provisions of paragraph (c) above shall be applied in respect thereof in such manner and with such modifications (if any) as shall be determined in good faith by an Independent Financial Adviser; and
- (e) where a dividend or distribution is paid or made to Shareholders pursuant to any plan implemented by BBVA for the purpose of enabling Shareholders to elect, or which may require Shareholders, to receive dividends or distributions in respect of the Common Shares held by them from a person other than (or in addition to) BBVA, such dividend or distribution shall for the purposes of these contingent convertible preferred securities of any series be treated as a dividend or distribution made or paid to Shareholders by BBVA, and the provisions of the contingent convertible preferred securities and the contingent convertible preferred securities indenture, including references to BBVA paying or making a dividend, shall be construed accordingly;

“Election Notice” has the meaning specified in “—Conversion—Conversion Upon Capital Reduction” below;

“Election Period” has the meaning specified in “—Conversion—Conversion Upon Capital Reduction” below;

“equity share capital” means, in relation to any entity, its issued share capital excluding any part of that capital which, in respect of dividends and capital, does not carry any right to participate beyond a specific amount in a distribution;

“Enforcement Event” has the meaning specified under “—Enforcement Events and Remedies—Enforcement Events” below;

“European Clearing System” means Euroclear Bank S.A./N.V. (“Euroclear Bank”), as operator of the Euroclear System (“Euroclear”) and/or Clearstream Banking, *société anonyme* (“Clearstream Luxembourg”);

“Existing Shareholders” has the meaning specified in the definition of “Newco Scheme”;

“Fair Market Value” means, with respect to any property on any date, the fair market value of that property as determined by an Independent Financial Adviser in good faith provided that (a) the Fair Market Value of a Cash Dividend shall be the amount of such Cash Dividend; (b) the Fair Market Value of any other cash amount shall be the amount of such cash; (c) where Securities, Spin-Off Securities, options, warrants or other rights are publicly traded on a stock exchange or securities market of adequate liquidity (as determined by an Independent Financial Adviser in good faith), the Fair Market Value (i) of such Securities or Spin-Off Securities shall equal the arithmetic mean of the daily Volume Weighted Average Prices of such Securities or Spin-Off Securities and (ii) of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights, in the case of both (i) and (ii) above during the period of five dealing days on the relevant stock exchange or securities market commencing on such date (or, if later, the first such dealing day such Securities,

Spin-Off Securities, options, warrants or other rights are publicly traded) or such shorter period as such Securities, Spin-Off Securities, options, warrants or other rights are publicly traded; and (d) where Securities, Spin-Off Securities, options, warrants or other rights are not publicly traded on a stock exchange or securities market of adequate liquidity (as aforesaid), the Fair Market Value of such Securities, Spin-Off Securities, options, warrants or other rights shall be determined by an Independent Financial Adviser in good faith, on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including the market price per Common Share, the dividend yield of a Common Share, the volatility of such market price, prevailing interest rates and the terms of such Securities, Spin-Off Securities, options, warrants or other rights, including as to the expiry date and exercise price (if any) thereof. Such amounts shall, in the case of (a) above, be translated into the Share Currency (if such Cash Dividend is declared or paid or payable in a currency other than the Share Currency) at the rate of exchange used to determine the amount payable to Shareholders who were paid or are to be paid or are entitled to be paid the Cash Dividend in the Share Currency; and in any other case, shall be translated into the Share Currency (if expressed in a currency other than the Share Currency) at the Prevailing Rate on that date. In addition, in the case of (a) and (b) above, the Fair Market Value shall be determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit;

“Floor Price” means the price determined in the relevant prospectus supplement, subject to adjustment in accordance with “—Conversion—Conversion Price—Anti-Dilution Adjustment of the Floor Price” below;

“further contingent convertible preferred securities” means any instruments or securities which are similar to the contingent convertible preferred securities and are contingently convertible into Common Shares other than at the option of the holders thereof;

“Iberclear” means the Spanish clearing and settlement system (*Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.*);

“Independent Financial Adviser” means an independent financial institution or financial adviser of international repute appointed by BBVA at its own expense;

“Liquidation Distribution” means the Liquidation Preference per contingent convertible preferred security plus, if applicable, where not cancelled or deemed cancelled pursuant to, or otherwise subject to the limitations on payment set out in, “—Payments—Distributions”, an amount equal to accrued and unpaid Distributions for the then current Distribution Period to (but excluding) the date of payment of the Liquidation Distribution;

“Liquidation Event” has the meaning set forth under “—Payments—Liquidation Distribution”;

“Liquidation Preference” shall have the meaning set forth in the relevant prospectus supplement;

“Maximum Distributable Amount” means, at any time, any maximum distributable amount required to be calculated at such time in accordance with (a) Article 48 of Law 10/2014 and any provision developing Article 48 of Law 10/2014, and any other provision of Spanish law transposing or implementing Article 141 of the CRD IV Directive and/or (b) Applicable Banking Regulations;

“Newco Scheme” means a scheme of arrangement or analogous proceeding (“Scheme of Arrangement”) which effects the interposition of a limited liability company (“Newco”) between the Shareholders of BBVA immediately prior to the Scheme of Arrangement (the “Existing Shareholders”) and BBVA, provided that:

- (a) only ordinary shares of Newco or depositary or other receipts or certificates representing ordinary shares of Newco are issued to Existing Shareholders;
- (b) immediately after completion of the Scheme of Arrangement the only shareholders of Newco or, as the case may be, the only holders of depositary or other receipts or certificates representing ordinary shares of Newco, are Existing Shareholders and the Voting Rights in respect of Newco are held by Existing Shareholders in the same proportions as their respective holdings of such Voting Rights immediately prior to the Scheme of Arrangement;
- (c) immediately after completion of the Scheme of Arrangement, Newco is (or one or more wholly-owned Subsidiaries of Newco are) the only ordinary shareholder (or shareholders) of BBVA;
- (d) all Subsidiaries of BBVA immediately prior to the Scheme of Arrangement (other than Newco, if Newco is then a Subsidiary) are Subsidiaries of BBVA (or of Newco) immediately after completion of the Scheme of Arrangement; and

- (e) immediately after completion of the Scheme of Arrangement, BBVA (or Newco) holds, directly or indirectly, the same percentage of the ordinary share capital and equity share capital of those Subsidiaries as was held by BBVA immediately prior to the Scheme of Arrangement;

“Non-Cash Dividend” means any Dividend which is not a Cash Dividend, and shall include a Spin-Off;

“Notice Cut-off Date” shall have the meaning set forth under “—Conversion—Conversion Procedures”;

“Parity Securities” means any instrument issued or guaranteed by BBVA (including the guarantee thereof), which instrument or guarantee ranks *pari passu* with the contingent convertible preferred securities;

“Paying Agent”, when used with respect to the contingent convertible preferred securities of any series, means any person (which may include BBVA) authorized by BBVA to pay the Liquidation Preference (and premium, if any) of, or Distributions on, or any Additional Amounts with respect to, the contingent convertible preferred securities of such series on behalf of BBVA, which expression shall include the Principal Paying Agent. Except as otherwise specified in the relevant prospectus supplement, The Bank of New York Mellon, acting through its London Branch (or a successor thereof) will act as Paying Agent in respect of the contingent convertible preferred securities of any series;

“Paying and Conversion Agent” means, when used with respect to the contingent convertible preferred securities of any series, the Principal Paying Agent and any other paying and conversion agent appointed in accordance with the contingent convertible preferred securities indenture or any supplemental indenture with respect to such series and includes any successors thereto appointed from time to time in accordance with the contingent convertible preferred securities indenture or any such supplemental indenture;

“Payment Business Day” means (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in New York City and London and (ii) in the case of contingent convertible preferred securities in definitive form only, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant place of payment;

“Performance Obligation” has the meaning specified in “—Enforcement Events—Enforcement Events and Remedies”;

“Prevailing Rate” means, in respect of any currencies on any day, the spot rate of exchange between the relevant currencies prevailing as at 12 noon (London time) on that date as appearing on or derived from Reuters page ECB37 or, if not available, from any other Reference Page or, if such a rate cannot be determined at such time, the rate prevailing as at 12 noon (London time) on the immediately preceding day on which such rate can be so determined or, if such rate cannot be so determined by reference to the Reference Page, the rate determined in such other manner as an Independent Financial Adviser in good faith shall prescribe;

“Principal Paying Agent”, when used with respect to the contingent convertible preferred securities of any series, means The Bank of New York Mellon, acting through its London branch (or a successor thereof) except as otherwise specified in the relevant prospectus supplement;

“Recognized Stock Exchange” means an organized regularly operating, recognized stock exchange or securities market in a country that is a member of the Organization for Economic Co-operation and Development;

“Redemption Price” means, per contingent convertible preferred security, the Liquidation Preference plus, if applicable, where not cancelled or deemed cancelled pursuant to, or otherwise subject to the limitations on payment set out in “—Payments—Distributions”, an amount equal to any accrued and unpaid Distributions for the then current Distribution Period to (but excluding) the date fixed for the redemption of the contingent convertible preferred securities of the relevant series;

“Reference Date” means, in relation to a Retroactive Adjustment, the date as of which the relevant Retroactive Adjustment takes effect or, if that date is not a dealing day, the succeeding dealing day;

“Reference Market Price” means, in respect of a Common Share at a particular date, the arithmetic mean of the Closing Price per Common Share on each of the five consecutive dealing days on which such Closing Price is available ending on the dealing day immediately preceding such date, rounding the resulting figure to the nearest cent (with 0.5 cents being rounded upwards);

“Reference Page” means the relevant page or any successor page on Bloomberg or Reuters or any successor service or such other information service provider that displays the relevant information;

“Regulator” means, when used with respect to the contingent convertible preferred securities of any series, the European Central Bank or the Bank of Spain (*Banco de España*), as applicable, or such other or successor authority having primary bank supervisory authority, in each case with respect to prudential matters in relation to BBVA and/or the BBVA Group from time to time;

“Relevant Stock Exchange” means the Spanish Stock Exchanges or if at the relevant time the Common Shares are not at that time listed and admitted to trading on the Spanish Stock Exchanges, the principal stock exchange or securities market on which the Common Shares are then listed, admitted to trading or quoted or accepted for dealing;

“Retroactive Adjustment” has the meaning specified in “—Conversion—Conversion Price—Anti-Dilution Adjustment of the Floor Price” below;

“Risk Weighted Assets Amount” means at any time, with respect to BBVA or the BBVA Group, as the case may be, the aggregate amount (in the Accounting Currency) of the risk weighted assets of BBVA or the BBVA Group, respectively, calculated in accordance with CRR and/or Applicable Banking Regulations at such time;

“Scheme of Arrangement” has the meaning specified in the definition of “Newco Scheme”;

“Securities” means any securities including, without limitation, shares in the capital of BBVA, or options, warrants or other rights to subscribe for or purchase or acquire shares in the capital of BBVA;

“Selling Agent” has the meaning specified in “—Conversion—Failure to Deliver a Delivery Notice” below;

“Share Currency” means euro or such other currency in which the Common Shares are quoted or dealt in on the Relevant Stock Exchange at the relevant time or for the purposes of the relevant calculation or determination;

“Shareholders” means the holders of Common Shares;

“Spanish Companies Act” means the Royal Legislative Decree 1/2010, of July 2, approving the consolidated text of the Spanish Companies Act (*Ley de Sociedades de Capital*), as amended, replaced or supplemented from time to time;

“Spanish Insolvency Law” means Law 22/2003 (Ley Concursal) of July 9, regulating insolvency proceedings in Spain, as amended or supplemented from time to time, or an equivalent legal provision which replaces it in the future.

“Spin-Off” means:

- (a) a distribution of Spin-Off Securities by BBVA to Shareholders as a class; or
- (b) any issue, transfer or delivery of any property or assets (including cash or shares or other securities of or in or issued or allotted by any entity) by any entity (other than BBVA) to Shareholders as a class or, in the case of or in connection with a Newco Scheme, Existing Shareholders as a class (but excluding the issue and allotment of ordinary shares (or depositary or other receipts or certificates representing such ordinary shares) by Newco to Existing Shareholders as a class), pursuant in each case to any arrangements with BBVA or any member of the BBVA Group;

“Spin-Off Securities” means equity share capital of an entity other than BBVA or options, warrants or other rights to subscribe for or purchase equity share capital of an entity other than BBVA;

“SSM Regulation” means Council Regulation (EU) No. 1024/2013 of October 15, conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions;

“Subsidiary” means any entity over which BBVA may have, directly or indirectly, control in accordance with Article 42 of the Spanish Commercial Code (*Código de Comercio*) and/or Applicable Banking Regulations;

“Tax Event” in respect of any series of contingent convertible preferred securities, means that as a result of any change in, or amendment to, the laws or regulations applicable in Spain (except as provided in “—Substitution of Issuer”), or any change in the application or binding official interpretation or administration of any such laws or regulations which change or amendment, or change in the application or binding official interpretation or administration, becomes effective on or after the date of issue of the contingent convertible preferred securities of such series (a) BBVA would not be entitled to claim a deduction in computing its taxation liabilities in Spain (except as provided in “—Substitution of Issuer”) in respect of any Distribution to be made on the next Distribution Payment Date or the value of such deduction to BBVA would be materially reduced, or (b) BBVA would be required to pay Additional Amounts, or (c) the applicable tax treatment of the contingent convertible preferred securities of such series would be materially affected;

“Tier 1 Capital” means at any time, with respect to BBVA or the BBVA Group, as the case may be, the Tier 1 capital of BBVA or the BBVA Group, respectively, as calculated by BBVA in accordance with Chapters 1, 2 and 3 (Tier 1 capital, Common Equity Tier 1 capital and Additional Tier 1 capital) of Title I (Elements of own funds) of Part Two (Own Funds) of the CRR and/or Applicable Banking Regulations at such time, including any applicable transitional, phasing in or similar provisions;

“Tier 2 Capital” means Tier 2 capital (*capital de nivel 2*) as provided under Applicable Banking Regulations;

“Tier 2 Instrument” means any contractually subordinated obligation of BBVA constituting a Tier 2 instrument (*instrumento de capital de nivel 2*) in accordance with Applicable Banking Regulations;

“Trigger Conversion” has the meaning specified in “—Conversion—Conversion Procedures” below;

“Trigger Event” in respect of any series of contingent convertible preferred securities, means if, at any time, as determined by BBVA, the CET1 ratio of BBVA or the BBVA Group is less than 5.125%;

“Trigger Event Notice” has the meaning specified in “—Conversion—Conversion Procedures” below;

“Trigger Event Notice Date” means the date on which a Trigger Event Notice is deemed to be given;

“Volume Weighted Average Price” means, in respect of a Common Share, Security or, as the case may be, a Spin-Off Security on any dealing day, the order book volume-weighted average price of a Common Share, Security or, as the case may be, a Spin-Off Security published by or derived (in the case of a Common Share) from the Reference Page or (in the case of a Security (other than Common Shares) or Spin-Off Security) from the principal stock exchange or securities market on which such Securities or Spin-Off Securities are then listed or quoted or dealt in, if any or, in any such case, such other source as shall be determined in good faith to be appropriate by an Independent Financial Adviser on such dealing day, provided that if on any such dealing day such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of a Common Share, Security or a Spin-Off Security, as the case may be, in respect of such dealing day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding dealing day on which the same can be so determined or as an Independent Financial Adviser might otherwise determine in good faith to be appropriate.

In making any calculation or determination of Current Market Price or Volume Weighted Average Price, such adjustments (if any) shall be made as an Independent Financial Adviser determines in good faith appropriate to reflect any consolidation or sub-division of the Common Shares or any issue of Common Shares by way of capitalization of profits or reserves, or any like or similar event; and

“Voting Rights” means the right generally to vote at a general meeting of Shareholders of BBVA (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

References to any act or statute or any provision of any act or statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made in accordance therewith or under such modification or re-enactment.



References to any issue or offer or grant to Shareholders or Existing Shareholders “as a class” or “by way of rights” shall be taken to be references to an issue or offer or grant to all or substantially all Shareholders or Existing Shareholders, as the case may be, other than Shareholders or Existing Shareholders, as the case may be, to whom, by reason of the laws of any territory or requirements of any recognized regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

## **Payments**

All payments in respect of the contingent convertible preferred securities of any series will be subject in all cases to any fiscal or other laws and regulations applicable thereto (including FATCA, any regulations or agreements thereunder, any official interpretation thereof, any intergovernmental agreements with respect thereto, or any law implementing an intergovernmental agreement or any regulations or official interpretations relating thereto), but without prejudice to the provisions of “—Additional Amounts” below.

### *Distributions*

Prior to conversion, the contingent convertible preferred securities of any series will accrue Distributions as may be specified in, or determined in accordance with the provisions of, the relevant prospectus supplement.

#### *Distributions Discretionary*

BBVA may elect, in its sole and absolute discretion, to cancel the payment of any Distribution on any particular series of contingent convertible preferred securities in whole or in part at any time and for any reason.

Distributions on the contingent convertible preferred securities will be non-cumulative. Accordingly, if any Distribution (or any part thereof) is not paid in respect of the contingent convertible preferred securities of any series as a result of any election of BBVA to cancel such Distribution in accordance with this section “—Distributions Discretionary” or the limitations on payment set out in “—Restrictions on Payments” below then the right of the holders to receive the relevant Distribution (or such part thereof) in respect of the relevant Distribution Period will be extinguished and BBVA will have no obligation to pay such Distribution (or such part thereof) accrued for such Distribution Period or to pay any interest thereon, whether or not Distributions on the contingent convertible preferred securities of such series are paid in respect of any future Distribution Period.

No such election to cancel the payment of any Distribution (or any part thereof) pursuant to this section “—Distributions Discretionary” or non-payment of any Distribution (or any part thereof) as a result of the limitations on payment set out in “—Restrictions on Payments” below will constitute an event of default, an Enforcement Event or the occurrence of any event related to the insolvency of BBVA or entitle holders to take any action to cause such Distribution (or part thereof) to be paid or the liquidation, dissolution or winding-up of BBVA or in any way limit or restrict BBVA from making any distribution or equivalent payment in connection with any instrument ranking junior to the contingent convertible preferred securities of such series (including, without limitation, any CET1 Capital of BBVA or the BBVA Group) or in respect of any Parity Security or other security, except to the extent Applicable Banking Regulations otherwise provide.

#### *Restrictions on Payments*

Payments of Distributions on the contingent convertible preferred securities of a series shall be made only out of Distributable Items of BBVA.

To the extent that (i) BBVA has insufficient Distributable Items to make Distributions on the contingent convertible preferred securities of such series scheduled for payment in the then current financial year and any interest payments or distributions that have been paid or made or are scheduled or required to be paid or made out of Distributable Items of BBVA in the then current financial year, in each case excluding any portion of such payments already accounted for in determining the Distributable Items of BBVA, and/or (ii) the Regulator, in accordance with Article 68 of Law 10/2014 and/or Article 16 of the SSM Regulation and/or with Applicable Banking Regulations then in force, requires BBVA to cancel the relevant Distribution in whole or in part, then BBVA will, without prejudice to the right set forth under “—Distributions Discretionary” above to cancel at its discretion the payment of any such Distributions on the contingent convertible preferred securities of such series at any time, make partial or, as the case may be, no payment of the relevant Distribution on the contingent convertible preferred securities of such series.

No payments will be made on the contingent convertible preferred securities of any series (whether by way of a repayment of the Liquidation Preference, the payment of any Distribution or otherwise) if and to the extent

that such payment would cause a breach of any regulatory restriction or prohibition on payments on Additional Tier 1 Instruments pursuant to Applicable Banking Regulations (including, without limitation, any such restriction or prohibition relating to any Maximum Distributable Amount applicable to BBVA and/or the BBVA Group).

#### *Agreement to Distribution Cancellation*

By acquiring contingent convertible preferred securities of any series, holders (which, for the purposes of this section includes holders of a beneficial interest in the contingent convertible preferred securities) acknowledge and agree that:

- (a) Distributions are payable solely at BBVA's discretion, and no amount of Distribution shall become or remain due and payable in respect of the relevant Distribution Period to the extent that it has been cancelled or deemed cancelled by BBVA as set forth under “—Distributions Discretionary” above and/or as a result of the limitations on payment set forth under “—Restrictions on Payments” above; and
- (b) a cancellation or deemed cancellation of any Distribution (in whole or in part) in accordance with the terms of the contingent convertible preferred securities indenture and the contingent convertible preferred securities shall not constitute an Enforcement Event or other default under the terms of the contingent convertible preferred securities or the contingent convertible preferred securities indenture, or the occurrence of any event related to the insolvency of BBVA or entitle holders to take any action to cause such Distribution to be paid or the liquidation, dissolution or winding-up of BBVA or in any way limit or restrict BBVA from making any distribution or equivalent payment in connection with any instrument ranking junior to the contingent convertible preferred securities of such series (including, without limitation, any CET1 Capital of BBVA or the BBVA Group) or in respect of any Parity Security or other Security, except to the extent Applicable Banking Regulations otherwise provide.

Distributions will only be due and payable on a Distribution Payment Date to the extent they are not cancelled or deemed cancelled previously or thereafter in accordance with the provisions described under “—Distributions”, “—Liquidation Distribution” and “—Conversion”. Any Distributions cancelled or deemed cancelled (in each case, in whole or in part) in the circumstances described herein shall not be due and shall not accumulate or be payable at any time thereafter, and holders of the contingent convertible preferred securities shall have no rights thereto or to receive any additional Distributions or compensation as a result of such cancellation or deemed cancellation.

#### *Notice of Distribution Cancellation*

If practicable, BBVA will provide notice of any cancellation or deemed cancellation of Distributions on any particular series of contingent convertible preferred securities (in each case, in whole or in part) to the holders of the contingent convertible preferred securities of such series through the relevant depository (or, if the contingent convertible preferred securities are held in definitive form, to the holders of the contingent convertible preferred securities directly at their addresses shown on the register for the contingent convertible preferred securities) and to the trustee directly on or prior to the relevant Distribution Payment Date. Failure to provide such notice will have no impact on the effectiveness of, or otherwise invalidate, any such cancellation or deemed cancellation of Distributions (and accordingly, such Distributions will not be due and payable), will not constitute an Enforcement Event with respect to such series of contingent convertible preferred securities, or give the holders or beneficial owners of the contingent convertible preferred securities of such series any rights as a result of such failure.

#### *Liquidation Distribution*

Except as set forth in the following paragraph, in the event of any voluntary or involuntary liquidation or winding-up of BBVA (a “Liquidation Event”), holders of the contingent convertible preferred securities of any series (unless previously converted into Common Shares in accordance with “—Conversion” below) shall be entitled to receive out of the assets of BBVA available for distribution to holders of such series, the Liquidation Distribution. Such entitlement will arise before any distribution of assets is made to holders of Common Shares or any other instrument of BBVA ranking junior to the contingent convertible preferred securities of such series.

If, before the occurrence of a Liquidation Event, a Conversion Event occurs but the relevant conversion of the contingent convertible preferred securities of such series into Common Shares is still to take place, holders of the contingent convertible preferred securities of such series will be entitled to receive out of the relevant assets of BBVA a monetary amount equal to that which holders of such contingent convertible preferred securities of such series would have received on any distribution of the assets of BBVA if such conversion had taken place immediately prior to such Liquidation Event.

After payment of the relevant entitlement in respect of a contingent convertible preferred security as described in this section, such contingent convertible preferred security will confer no further right or claim to any of the remaining assets of BBVA.

## Subordination

Unless previously converted into Common Shares (as set forth in “—Conversion”), the obligations of BBVA under the contingent convertible preferred securities of any series will constitute direct, unconditional, unsecured and subordinated obligations of BBVA and, in case of insolvency (*concurso de acreedores*) of BBVA, in accordance with Additional Provision 14.3 of Law 11/2015 and the Spanish Insolvency Law but only to the extent permitted by the Spanish Insolvency Law or any other applicable laws relating to or affecting the enforcement of creditors’ rights in Spain and subject to any other ranking that may apply as a result of any mandatory provision of law (or otherwise), for so long as the obligations of BBVA in respect of the contingent convertible preferred securities of such series constitute an Additional Tier 1 Instrument of BBVA, such contingent convertible preferred securities will rank with respect to claims for any Liquidation Preference of such contingent convertible preferred securities:

- (a) junior to:
  - (i) any unsubordinated obligations of BBVA (including where those obligations subsequently become subordinated pursuant to Article 92.1° of the Spanish Insolvency Law); and
  - (ii) any claim for principal in respect of any other contractually subordinated obligations of BBVA, present and future, not constituting Additional Tier 1 Capital of BBVA for the purposes of Section 3.(a) of Additional Provision 14 of Law 11/2015 (other than, to the extent permitted by law, any Parity Securities, whether so ranking by law or their terms);
- (b) *pari passu* with:
  - (i) each other claim for any Liquidation Preference of contingent convertible preferred securities;
  - (ii) all other claims in respect of any liquidation preference or otherwise for principal in respect of contractually subordinated obligations of BBVA under any outstanding Additional Tier 1 Instruments, present and future; and
  - (iii) any other Parity Securities (whether so ranking by law or their terms), to the extent permitted by law; and
- (c) senior to the Common Shares or any other subordinated obligations of BBVA which by law rank junior to the contingent convertible preferred securities (including, to the extent permitted by law, any contractually subordinated obligations of BBVA expressed by their terms to rank junior to the contingent convertible preferred securities).

Unless previously converted into Common Shares, to the extent the obligations of BBVA in respect of the contingent convertible preferred securities of any series cease to constitute an Additional Tier 1 Instrument of BBVA but constitute a Tier 2 Instrument of BBVA, the payment obligations of BBVA under the contingent convertible preferred securities will rank, in accordance with Section 3.(b) of Additional Provision 14 of Law 11/2015 but not otherwise and subject to any other ranking that may apply as a result of any mandatory provision of law (or otherwise), as if the contingent convertible preferred securities were a Tier 2 Instrument.

To the extent the obligations of BBVA in respect of any outstanding contingent convertible preferred securities cease to constitute either an Additional Tier 1 Instrument or a Tier 2 Instrument of BBVA, the payment obligations of BBVA under such contingent convertible preferred securities will rank, in accordance with Section 3.(a) of Additional Provision 14 of Law 11/2015 but not otherwise and subject to any other ranking that may apply as a result of any mandatory provision of law (or otherwise), as if the contingent convertible preferred securities were contractually subordinated obligations of BBVA not constituting Additional Tier 1 Capital or Tier 2 Capital of BBVA.

The obligations of BBVA under the contingent convertible preferred securities are subject to, and may be limited by, the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority.

BBVA agrees with respect to any series of contingent convertible preferred securities and each holder and beneficial owner of contingent convertible preferred securities of any series, by his or her acquisition of a contingent convertible preferred security, will be deemed to have agreed to the above described subordination. To the extent permitted by Spanish law, each such holder and beneficial owner will be deemed to have irrevocably waived his or her rights of priority which would otherwise be accorded to him or her under the laws of Spain, to the extent necessary to effectuate the subordination provisions of the contingent convertible preferred security. In addition, each holder and beneficial owner of contingent convertible preferred securities of any series by his or her acquisition of the securities, to the extent permitted by Spanish law, authorizes and directs the applicable trustee on his or her behalf to take such action as may be necessary or appropriate to effectuate the subordination of the relevant contingent convertible preferred securities as provided in the contingent convertible preferred securities indenture and as summarized herein and appoints the applicable trustee his attorney-in-fact for any and all such purposes.

## **Redemption and Repurchase**

Unless otherwise provided in the applicable prospectus supplement, the contingent convertible preferred securities of any series are perpetual securities in respect of which there is no fixed redemption date or maturity date. Holders of the contingent convertible preferred securities of any series may not require any redemption of the contingent convertible preferred securities of such series at any time.

Unless otherwise provided in the applicable prospectus supplement, the contingent convertible preferred securities are only redeemable in accordance with the following provisions of the contingent convertible preferred securities indenture described in this section “—Redemption and Repurchase”.

### ***Pre-Conditions to Redemptions and Repurchases***

As of the date of this prospectus, Article 78(1) of the CRR provides that the Regulator will give its consent to redemption of the contingent convertible preferred securities provided that either of the following conditions is met:

(a) on or before such redemption of the contingent convertible preferred securities, BBVA replaces the contingent convertible preferred securities with instruments qualifying as Tier 1 Capital of an equal or higher quality on terms that are sustainable for the income capacity of BBVA; or

(b) BBVA has demonstrated to the satisfaction of the Regulator that its Tier 1 Capital and Tier 2 Capital would, following such redemption, exceed the requirements set forth in article 92(1) of the CRR and the combined buffer requirement as defined in point (6) of article 128 of the CRD IV Directive by a margin that the Regulator may consider necessary on the basis of article 104(3) of the CRD IV Directive.

No vote of the outstanding holders of the contingent convertible preferred securities of any series will be required for BBVA to redeem and cancel the contingent convertible preferred securities of such series.

### ***Optional Redemption***

Except as provided below under “—Redemption Due to a Capital Event” or “—Redemption Due to a Tax Event” and in the relevant prospectus supplement, any series of contingent convertible preferred securities shall not be redeemable prior to the fifth anniversary of the date of issuance of the relevant contingent convertible preferred securities (or such other period as Applicable Banking Regulations may require). All, and not only some, of the contingent convertible preferred securities of any series may be redeemed at the option of BBVA at any time on or after the fifth anniversary of the date of issuance of such contingent convertible preferred securities at the Redemption Price, in accordance with Articles 77 and 78 of CRR, Article 29 of the Commission Delegated Regulation (EU) No 241/2014 and/or any other Applicable Banking Regulations then in force.

### ***Redemption Due to a Capital Event***

Unless otherwise provided in the applicable prospectus supplement, if, on or after the issue date of the contingent convertible preferred securities of any series, there is a Capital Event, the contingent convertible preferred securities of such series may be redeemed, in whole but not in part, at the option of BBVA at any time at the Redemption Price, in accordance with Articles 77 and 78 of CRR, Article 29 of the Commission Delegated Regulation (EU) No 241/2014 and/or any other Applicable Banking Regulations then in force.

As of the date of this prospectus, Article 78(4) provides that the Regulator may only permit BBVA to redeem any series contingent convertible preferred securities before the fifth anniversary of the date of issuance of contingent convertible preferred securities of such series in the case of a Capital Event if, in addition to meeting one of the conditions referred to in paragraphs (a) or (b) of article 78(1) (as described above), there is a change in the regulatory classification of the contingent convertible preferred securities of such series that would be likely to result in their exclusion from own funds or reclassification as a lower quality form of own funds, the Regulator considers such change to be sufficiently certain and BBVA demonstrates to the satisfaction of the Regulator that the regulatory classification was not reasonably foreseeable at the date of issuance of contingent convertible preferred securities of such series.

### ***Redemption Due to a Tax Event***

Unless otherwise provided in the applicable prospectus supplement, if, on or after the date of issuance of any series of contingent convertible preferred securities, there is a Tax Event, the contingent convertible

preferred securities of such series may be redeemed, in whole but not in part, at the option of BBVA at any time at the Redemption Price, in accordance with Articles 77 and 78 of CRR, Article 29 of the Commission Delegated Regulation (EU) No 241/2014 and/or any other Applicable Banking Regulations then in force.

Prior to any notice of redemption of such contingent convertible preferred securities pursuant to the contingent convertible preferred securities indenture, BBVA shall provide the trustee with (i) an officer's certificate of BBVA stating that BBVA is entitled to effect such redemption and setting forth in reasonable detail a statement of circumstances showing that a Tax Event has occurred; and (ii) an opinion of counsel to the effect that a Tax Event has occurred.

Article 78(4) provides that the Regulator may only permit BBVA to redeem the contingent convertible preferred securities of any series before the fifth anniversary of the date of issuance of contingent convertible preferred securities of such series in the case of a Tax Event if, in addition to meeting one of the conditions referred to in paragraphs (a) or (b) of article 78(1) (as described above), there is a change in the applicable tax treatment of the contingent convertible preferred securities of such series and BBVA demonstrates to the satisfaction of the Regulator that such change is material and was not reasonably foreseeable at the date of issuance of contingent convertible preferred securities of such series.

### ***Redemption Procedures***

The decision to redeem the contingent convertible preferred securities of a series must be irrevocably notified by BBVA to holders of the contingent convertible preferred securities of such series upon not less than 30 nor more than 60 calendar days' notice prior to the relevant redemption date (unless a shorter period is specified in the contingent convertible preferred securities to be redeemed) (i) through the filing of a relevant information (*información relevante*) announcement with the CNMV and its publication in accordance with the rules and regulations of any applicable stock exchange or other relevant authority and (ii) in the manner and to the extent required by the provisions described under “—Notices” below (in which case, such notice may be given at BBVA's request by the trustee in the name and at the expense of BBVA, provided BBVA has requested the trustee to so give notice in writing accompanied by a copy of the form of notice, and the trustee shall give such notice by the fifth Business Day following its receipt of such request).

Failure to give notice in the manner above provided to the holder of any contingent convertible preferred securities designated for redemption, or any defect in the notice to any such holder, shall not affect the validity of the proceedings for the redemption of any other contingent convertible preferred securities.

Any notice of redemption will state: the redemption date; the Redemption Price; that on the redemption date the Redemption Price will, subject to the satisfaction of the conditions set forth in the contingent convertible preferred securities indenture become due and payable upon each contingent convertible preferred security being redeemed and that Distributions will cease to accrue on or after that date; the place or places where the contingent convertible preferred securities are to be surrendered for payment of the Redemption Price; and the CUSIP, Common Code and/or ISIN number or numbers, if any, with respect to the contingent convertible preferred securities being redeemed.

If BBVA gives notice of redemption of the contingent convertible preferred securities of any series, then on or prior to the relevant redemption date, BBVA will (except as otherwise provided in this section “—Redemption and Repurchase”):

(a) irrevocably deposit with the Principal Paying Agent funds (in the currency in which the contingent convertible preferred securities to be redeemed are payable) sufficient to pay the Redemption Price; and

(b) give the Principal Paying Agent irrevocable instructions and authority to pay the Redemption Price to the holders thereof.

If the notice of redemption has been given on any series of contingent convertible preferred securities, and the funds deposited and instructions and authority to pay given as required above, then on the date of such deposit:

(a) Distributions on the contingent convertible preferred securities of such series shall cease to accrue (unless such deposit is made prior to the redemption date, in which case Distributions on the contingent convertible preferred securities of such series shall cease to accrue on the redemption date);

(b) such contingent convertible preferred securities of such series will no longer be considered outstanding (except as otherwise provided in this section “—Redemption and Repurchase”, if there is a Trigger Event prior to



the redemption date or if the Relevant Spanish Resolution Authority exercises its Spanish Bail-in Power with respect to such contingent convertible preferred securities prior to the payment of the Redemption Price to the holders); and

(c) the holders of contingent convertible preferred securities of such series will no longer have any rights as holders except the right to receive the Redemption Price (except as otherwise provided in this section “—Redemption and Repurchase” if there is a Trigger Event prior to the redemption date).

Subject to the following paragraph, if in connection with any series of contingent convertible preferred securities BBVA improperly withholds or refuses to pay the Redemption Price of the contingent convertible preferred securities of such series, Distributions will continue to accrue, subject as provided in “—Distributions Discretionary” or “—Restrictions on Payments”, at the rate specified from (and including) the Redemption Date to (but excluding) the date on which the Redemption Price is deposited with the Principal Paying Agent.

BBVA may not give a notice of redemption with respect to the contingent convertible preferred securities of a series if a Trigger Event Notice has been given with respect to such series. If any notice of redemption of any series of contingent convertible preferred securities has been given and a Trigger Event with respect to such series occurs prior to the redemption date, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect, there shall be no redemption of the relevant contingent convertible preferred securities on such redemption date and, instead, the Trigger Conversion of the contingent convertible preferred securities shall take place as provided under “—Conversion Upon Trigger Event”.

If a Capital Reduction Notice has been given with respect to the contingent convertible preferred securities of a series, BBVA may not give a notice of redemption with respect to such series until the end of the Election Period. If a redemption notice is given by BBVA after the end of the Election Period, unless otherwise provided in the relevant prospectus supplement, BBVA may redeem all (but not part) of the aggregate Liquidation Preference of contingent convertible preferred securities of such series which remains outstanding following the Capital Reduction Conversion. If any notice of redemption of any series of contingent convertible preferred securities has been given and a Capital Reduction with respect to such series occurs prior to the redemption date, the Capital Reduction will be disregarded for all purposes of the contingent convertible preferred securities indenture with respect to such series of contingent convertible preferred securities and there shall be no conversion of such series of contingent convertible preferred securities as provided in “Conversion—Conversion Upon Capital Reduction” and, instead, the redemption of the relevant contingent convertible preferred securities shall take place as provided in this section.

If BBVA has elected to redeem the contingent convertible preferred securities of any series but, prior to the payment of the Redemption Price to holders, the Relevant Spanish Resolution Authority exercises its Spanish Bail-in Power with respect to such series of contingent convertible preferred securities, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect, there shall be no redemption and consequently no payment of the Redemption Price (and any other amounts payable in accordance with the terms of such contingent convertible preferred securities) will be due and payable.

#### ***Non-payment of Redemption Price***

If in connection with any series of contingent convertible preferred securities BBVA improperly withholds or refuses to pay the Redemption Price of the contingent convertible preferred securities of such series, Distributions will continue to accrue, subject as provided in “—Distributions” above, at the rate specified from (and including) the redemption date to (but excluding) the date on which the Redemption Price is deposited with the Principal Paying Agent.

#### ***Purchases of Contingent Convertible Preferred Securities***

Unless otherwise provided in the relevant prospectus supplement, BBVA or any member of the BBVA Group, may purchase or otherwise acquire any of the outstanding contingent convertible preferred securities of any series at any price in the open market or otherwise in accordance with Articles 77 and 78 of CRR, Article 29 of the Commission Delegated Regulation (EU) No 241/2014 and/or any other Applicable Banking Regulations in force at the relevant time.

Under the current Applicable Banking Regulations, an institution requires the prior permission of the Regulator to effect the repurchase of Additional Tier 1 Instruments (article 77(b) of CRR) and, subject to certain limited exceptions (article 78(4) of CRR), these may not be repurchased before five years after the date of issuance (article 52.1(i) of CRR).

Notwithstanding any other provision of the contingent convertible preferred securities indenture and subject to compliance with the provisions of any applicable law (including the Spanish Companies Act and the

Applicable Banking Regulations), BBVA or any member of the BBVA Group may exercise such rights as it may from time to time enjoy to purchase or redeem or buy back any shares of BBVA (including Common Shares) or any depositary or other receipts or certificates representing the same without the consent of the holders.

## **Conversion**

### ***Conversion Upon Trigger Event***

If the Trigger Event occurs at any time on or after the issue date of any series of contingent convertible preferred securities, then BBVA will:

(a) not pay any Distribution on the contingent convertible preferred securities of such series, including any accrued and unpaid Distributions, which shall be deemed to be cancelled by BBVA in accordance with “—Distributions” above; and

(b) irrevocably and mandatorily (and without any requirement for the consent or approval of the holders or beneficial owners of contingent convertible preferred securities of such series) convert all the contingent convertible preferred securities of such series into Common Shares (the “Trigger Conversion”) to be delivered on the relevant Conversion Settlement Date. If the Trigger Event occurs, the contingent convertible preferred securities of any series will be converted in whole and not in part.

For the purposes of determining whether the Trigger Event has occurred, BBVA will (A) calculate the CET1 ratio based on information (whether or not published) available to management of BBVA, including information internally reported within BBVA pursuant to its procedures for ensuring effective ongoing monitoring of the capital ratios of BBVA and the BBVA Group and (B) calculate and publish the CET1 ratio on at least a quarterly basis. BBVA’s calculation shall be binding on the trustee and the holders and beneficial owners of the relevant series of contingent convertible preferred securities.

A Trigger Event will not constitute an event of default, an Enforcement Event or the occurrence of any event related to the insolvency of BBVA or entitle holders to take any action to cause the liquidation, dissolution or winding-up of BBVA.

### ***Conversion Upon Capital Reduction***

Except as provided in the penultimate paragraph under “—Redemption and Repurchase—Redemption Procedures”, if a Capital Reduction occurs at any time on or after the issue date of any series of contingent convertible preferred securities, then BBVA will, subject as provided below, irrevocably and mandatorily (and without any requirement for the consent or approval of the holders or beneficial owners of contingent convertible preferred securities of such series) convert all the contingent convertible preferred securities of such series into Common Shares (a “Capital Reduction Conversion”) to be delivered on the relevant Conversion Settlement Date and on such Conversion Settlement Date pay to the holders, as applicable, where not cancelled or deemed cancelled pursuant to, or otherwise subject to the limitations on payment set out in, “—Payments—Distributions”, an amount equal to the accrued and unpaid Distributions for the then current Distribution Period up to (but excluding) such Conversion Settlement Date.

Notwithstanding the above, if a Capital Reduction occurs at any time on or after the issue date of any series of contingent convertible preferred securities, each holder of the contingent convertible preferred securities of such series will have the right to elect that all (but not part) of its contingent convertible preferred securities shall not be converted, in which case all contingent convertible preferred securities of such holder shall remain outstanding and no payment of any accrued and unpaid Distributions on such contingent convertible preferred securities shall be made in respect of such contingent convertible preferred securities to that holder on the relevant Conversion Settlement Date (without prejudice to any payment of such Distributions or any other Distributions that may accrue in respect of those contingent convertible preferred securities). To exercise such right, a holder must complete, sign and deposit at the specified office of any Paying and Conversion Agent a duly completed and signed notice of election (an “Election Notice”), in the form then obtainable from the specified office of such Paying and Conversion Agent on or before the tenth Business Day immediately following the Capital Reduction Notice Date (the period from (and including) the Capital Reduction Notice Date to (and including) such tenth Business Day, the “Election Period”). In the case of any contingent convertible preferred securities represented by a Global Security held by or on behalf of a Clearing System, an Election Notice may be delivered within the Election Period by the holder giving notice to the Principal Paying Agent of such election in accordance with the standard procedures of the relevant Clearing System (which may include notice being given on such holder’s instruction by the relevant Clearing System to the Principal Paying Agent by electronic means) in a form acceptable to such Clearing System from time to time.

An Election Notice shall be irrevocable. Each Paying and Conversion Agent shall inform the Principal Paying Agent within two Business Days of the end of such Election Period of the Election Notices received during the

Election Period and the Principal Paying Agent shall notify BBVA of the details of the relevant holders that have duly submitted an Election Notice within the Election Period (including the aggregate Liquidation Preference of contingent convertible preferred securities held by such holders) by no later than the immediately following Business Day.

Any relevant contingent convertible preferred securities in respect of which a duly completed and signed Election Notice is not received during the Election Period shall be converted into Common Shares. Any contingent convertible preferred securities not converted upon a Capital Reduction as a result of holders delivering a duly completed and signed Election Notice during the Election Period shall remain outstanding and, notwithstanding any of the above, may be the subject of Conversion on the occurrence of a Trigger Event.

A Capital Reduction will not constitute an event of default, an Enforcement Event or the occurrence of any event related to the insolvency of BBVA or entitle holders to take any action to cause the liquidation, dissolution or winding-up of BBVA.

### *Upon Conversion*

Except as provided below with respect to fractions, the number of Common Shares to be issued on Conversion in respect of each contingent convertible preferred security of any series to be converted shall be determined by dividing the Liquidation Preference of such contingent convertible preferred security by the relevant Conversion Price in effect on the relevant Conversion Notice Date rounded down to the nearest whole number of Common Shares. Fractions of Common Shares will not be issued on Conversion or pursuant to the provisions described in the fifth paragraph from the bottom under “—Anti-Dilution Adjustment of the Floor Price” and no cash payment or other adjustment will be made in lieu thereof. Without prejudice to the generality of the foregoing, if one or more Delivery Notices and the related contingent convertible preferred securities are received by or on behalf of a Paying and Conversion Agent such that the Common Shares to be delivered by or on behalf of the Conversion Shares Depository are to be registered in the same name or delivered to the same Clearing System participant account, the number of such Common Shares to be delivered in respect thereof shall be calculated on the basis of the aggregate Liquidation Preference of such contingent convertible preferred securities being so converted and rounded down to the nearest whole number of Common Shares.

Upon any Trigger Conversion of any series of contingent convertible preferred securities, holders (and beneficial owners) of any contingent convertible preferred security shall have no claim against BBVA in respect of (i) any Liquidation Preference (and premium, if any) of such series of contingent convertible preferred securities converted into Common Shares or (ii) any accrued and unpaid Distributions cancelled or otherwise unpaid in respect of contingent convertible preferred securities of such series, and the contingent convertible preferred securities of such series shall cease to represent any right other than the right to receive Common Shares from or on behalf of the Conversion Shares Depository.

Upon any Capital Reduction Conversion of any series of contingent convertible preferred securities, holders (and beneficial owners) of any contingent convertible preferred securities, other than holders of contingent convertible preferred securities in respect of which such holders have elected not to convert such contingent convertible preferred securities in accordance with the provisions described under “—Conversion Upon Capital Reduction”, shall have no claim against BBVA in respect of any Liquidation Preference (and premium, if any) of such series of contingent convertible preferred securities, and the contingent convertible preferred securities of such series converted into Common Shares, other than contingent convertible preferred securities in respect of which holders have elected not to convert such contingent convertible preferred securities in accordance with the provisions described under “—Conversion Upon Capital Reduction”, shall cease to represent any right other than the right to receive Common Shares from or on behalf of the Conversion Shares Depository. Nothing in this paragraph shall affect BBVA’s obligation upon any Capital Reduction Conversion to pay to the holders, as applicable, where not cancelled or deemed cancelled pursuant to, or otherwise subject to the limitations on payment set out in, “—Payments—Distributions”, and except as set out under “—Conversion Upon Capital Reduction”, an amount equal to the accrued and unpaid Distributions for the then current Distribution Period up to (but excluding) the Conversion Settlement Date.

On or prior to the Conversion Settlement Date, BBVA shall deliver to the Conversion Shares Depository such number of Common Shares (subject as provided above with respect to fractions) as is required to satisfy in full BBVA’s obligation to deliver Common Shares (i) in respect of a Trigger Conversion, of the aggregate Liquidation Preference of contingent convertible preferred securities of such series outstanding on the Trigger Event Notice Date, and (ii) in respect of a Capital Reduction Conversion, of the aggregate Liquidation Preference of contingent convertible preferred securities of such series outstanding on the Capital Reduction Notice Date, other than contingent convertible preferred securities in respect of which such holders have elected not to convert such contingent convertible preferred securities in accordance with the provisions described under “—Conversion Upon Capital Reduction”.

The obligation of BBVA to issue and deliver Common Shares to a holder of contingent convertible preferred securities of any series on the relevant Conversion Settlement Date shall be satisfied by the delivery of

such Common Shares to the Conversion Shares Depository. Receipt of the relevant Common Shares by the Conversion Shares Depository shall discharge BBVA's obligations in respect of the contingent convertible preferred securities converted, other than, in the case of a Capital Reduction, as provided under "—Conversion Upon Capital Reduction" with respect to the payment of accrued and unpaid Distributions for the then current Distribution Period up to (but excluding) the Conversion Settlement Date, where not cancelled or deemed cancelled pursuant to, or otherwise subject to the limitations on payment set out in, "—Payments—Distributions", and except as set out under "—Conversion Upon Capital Reduction".

Except as set forth in the immediately preceding paragraph with respect to a Capital Reduction, if a Conversion Event occurs, holders shall have recourse to BBVA only for the issue and delivery of the relevant Common Shares to the Conversion Shares Depository. After such delivery by BBVA of the relevant Common Shares to the Conversion Shares Depository, holders of any series of contingent convertible preferred securities so converted shall have recourse to the Conversion Shares Depository only for the delivery to them of such Common Shares, in the circumstances described under "—Settlement Procedures" below.

### ***Conversion Price***

"Conversion Price" means, in respect of a Conversion Notice Date, if the Common Shares are:

- (a) then admitted to trading on a Relevant Stock Exchange, the higher of:
  - (i) the Reference Market Price of a Common Share (translated into U.S. dollars at the Prevailing Rate, if applicable);
  - (ii) the Floor Price (translated into U.S. dollars at the Prevailing Rate, if applicable); and
  - (iii) the nominal value of a Common Share (translated into U.S. dollars at the Prevailing Rate, if applicable); or
- (b) not then admitted to trading on a Relevant Stock Exchange, the higher of (ii) and (iii) above.

### ***Anti-Dilution Adjustment of the Floor Price***

For the purposes of this section "—Anti-Dilution Adjustment of the Floor Price" only (a) references to the "issue" of Common Shares or Common Shares being issued shall, if not otherwise expressly specified in this "Description of the Contingent Convertible Preferred Securities of BBVA", include the transfer and/or delivery of Common Shares, whether newly issued and allotted or previously existing or held by or on behalf of BBVA or any member of the BBVA Group, and (b) Common Shares held by or on behalf of BBVA or any member of the BBVA Group (and which, in the case of sub-paragraphs (d) and (f) below, are not entitled to receive the relevant right or other entitlement) shall not be considered as or treated as in issue or issued or entitled to receive any Dividend, right or other entitlement.

References to any issue or offer or grant to Shareholders or Existing Shareholders "as a class" or "by way of rights" shall be taken to be references to an issue or offer or grant to all or substantially all Shareholders or Existing Shareholders, as the case may be, other than Shareholders or Existing Shareholders, as the case may be, to whom, by reason of the laws of any territory or requirements of any recognized regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

Upon the happening of any of the events described below and unless otherwise provided in the relevant prospectus supplement, the Floor Price of any series of contingent convertible preferred securities shall be adjusted from time to time as follows:

(a) If and whenever there shall be a consolidation, reclassification, redesignation or subdivision affecting the number of Common Shares, the Floor Price shall be adjusted by multiplying the Floor Price in force immediately prior to such consolidation, reclassification, redesignation or subdivision by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of Common Shares in issue immediately before such consolidation, reclassification, redesignation or subdivision, as the case may be; and

B is the aggregate number of Common Shares in issue immediately after, and as a result of, such consolidation, reclassification, redesignation or subdivision, as the case may be.

Such adjustment shall become effective on the date the consolidation, reclassification, redesignation or subdivision, as the case may be, takes effect.

(b) If and whenever BBVA shall issue any Common Shares credited as fully paid to Shareholders by way of capitalization of profits or reserves (including any share premium account or capital redemption reserve) other than (i) where any such Common Shares are or are to be issued instead of the whole or part of a Dividend in cash which Shareholders would or could otherwise have elected to receive, (ii) where Shareholders may elect to receive a Dividend in cash in lieu of such Common Shares or (iii) where any such Common Shares are or are expressed to be issued in lieu of a Dividend (whether or not a cash Dividend equivalent or amount is announced or would otherwise be payable to Shareholders, whether at their election or otherwise), the Floor Price shall be adjusted by multiplying the Floor Price in force immediately prior to such issue by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of Common Shares in issue immediately before such issue; and

B is the aggregate number of Common Shares in issue immediately after such issue.

Such adjustment shall become effective on the date of issue of such Common Shares.

(c) (i) If and whenever BBVA shall pay any Extraordinary Dividend to its Shareholders, the Floor Price shall be adjusted by multiplying the Floor Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Common Share on the Effective Date; and

B is the portion of the Fair Market Value of the aggregate Extraordinary Dividend attributable to one Common Share, with such portion being determined by dividing the Fair Market Value of the aggregate Extraordinary Dividend by the number of Common Shares entitled to receive the relevant Dividend.

Such adjustment shall become effective on the Effective Date or, if later, the first date upon which the Fair Market Value of the relevant Extraordinary Dividend can be determined.

“Effective Date” means, in respect of this sub-paragraph (c)(i), the first date on which the Common Shares are traded ex-the relevant Cash Dividend on the Relevant Stock Exchange.

“Extraordinary Dividend” means, in respect of this sub-paragraph (c)(i), any Cash Dividend which is expressly declared by BBVA to be a capital distribution, extraordinary dividend, extraordinary distribution, special dividend, special distribution or return of value to its Shareholders or any analogous or similar term (including any distribution made as a result of any Capital Reduction), in which case the Extraordinary Dividend shall be such Cash Dividend.

(ii) If and whenever BBVA shall pay or make any Non-Cash Dividend to Shareholders, the Floor Price shall be adjusted by multiplying the Floor Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Common Share on the Effective Date; and

B is the portion of the Fair Market Value of the aggregate Non-Cash Dividend attributable to one Common Share, with such portion being determined by dividing the Fair Market Value of the aggregate Non-Cash Dividend by the number of Common Shares entitled to receive the relevant Non-Cash Dividend (or, in the case of a purchase, redemption or buy back of Common Shares or any depositary or other receipts or certificates representing Common Shares by or on behalf of BBVA or any member of the BBVA Group,



by the number of Common Shares in issue immediately following such purchase, redemption or buy back, and treating as not being in issue any Common Shares, or any Common Shares represented by depositary or other receipts or certificates, purchased, redeemed or bought back).

Such adjustment shall become effective on the Effective Date or, if later, the first date upon which the Fair Market Value of the relevant Non-Cash Dividend is capable of being determined as provided herein.

“Effective Date” means, in respect of this sub-paragraph (c)(ii), the first date on which the Common Shares are traded ex-the relevant Dividend on the Relevant Stock Exchange or, in the case of a purchase, redemption or buy back of Common Shares or any depositary or other receipts or certificates representing Common Shares by or on behalf of BBVA or any member of the BBVA Group, the date on which such purchase, redemption or buy back is made (or, in any such case if later, the first date upon which the Fair Market Value of the relevant Dividend is capable of being determined as provided herein) or in the case of a Spin-Off, the first date on which the Common Shares are traded ex-the relevant Spin-Off on the Relevant Stock Exchange.

(iii) For the purposes of this sub-paragraph (c), Fair Market Value shall (subject as provided in paragraph (a) of the definition of “Dividend” and in the definition of “Fair Market Value”) be determined as at the Effective Date.

(iv) In making any calculations for the purposes of this sub-paragraph (c), such adjustments (if any) shall be made as an Independent Financial Adviser may determine in good faith to be appropriate to reflect (A) any consolidation or sub-division of any Common Shares or (B) the issue of Common Shares by way of capitalization of profits or reserves (or any like or similar event) or (C) any increase in the number of Common Shares in issue in BBVA’s financial year in question.

(d) If and whenever BBVA shall issue Common Shares to its Shareholders as a class by way of rights, or BBVA or any member of the BBVA Group or (at the direction or request or pursuant to any arrangements with BBVA or any member of the BBVA Group) any other company, person or entity shall issue or grant to the Shareholders as a class by way of rights, any options, warrants or other rights to subscribe for or purchase or otherwise acquire any Common Shares, or any Securities which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, or the right to acquire, any Common Shares (or shall grant any such rights in respect of existing Securities so issued), in each case at a price per Common Share which is less than 95% of the Current Market Price per Common Share on the Effective Date, the Floor Price shall be adjusted by multiplying the Floor Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Common Shares in issue on the Effective Date;

B is the number of Common Shares which the aggregate consideration (if any) receivable for the Common Shares issued by way of rights, or for the Securities issued by way of rights, or for the options or warrants or other rights issued or granted by way of rights and for the total number of Common Shares deliverable on the exercise thereof, would purchase at such Current Market Price per Common Share; and

C is the number of Common Shares to be issued or, as the case may be, the maximum number of Common Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights or upon conversion or exchange or exercise of rights of subscription or purchase or other rights of acquisition in respect thereof at the initial conversion, exchange, subscription, purchase or acquisition price or rate,

provided that if at the Effective Date such number of Common Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time, then for the purposes of this sub-paragraph (d), “C” shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Effective Date and as if such conversion, exchange, subscription, purchase or acquisition had taken place on the Effective Date.

Such adjustment shall become effective on the Effective Date.

“Effective Date” means, in respect of this sub-paragraph (d), the first date on which the Common Shares are traded ex-rights, ex-options or ex-warrants on the Relevant Stock Exchange.

(e) If and whenever BBVA or any member of the BBVA Group or (at the direction or request or pursuant to any arrangements with BBVA or any member of the BBVA Group) any other company, person or entity shall

issue any Securities (other than Common Shares or options, warrants or other rights to subscribe for or purchase or otherwise acquire any Common Shares or Securities which by their terms carry (directly or indirectly) rights of conversion into, or exchange or subscription for, or rights to otherwise acquire, Common Shares) to the Shareholders as a class by way of rights or grant to the Shareholders as a class by way of rights any options, warrants or other rights to subscribe for or purchase or otherwise acquire any Securities (other than Common Shares or options, warrants or other rights to subscribe for or purchase or otherwise acquire Common Shares or Securities which by their term carry (directly or indirectly) rights of conversion into, or exchange or subscription for, rights to otherwise acquire, Common Shares), the Floor Price shall be adjusted by multiplying the Floor Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Common Share on the Effective Date; and

B is the Fair Market Value on the Effective Date of the portion of the rights attributable to one Common Share.

Such adjustment shall become effective on the Effective Date.

“Effective Date” means, in respect of this sub-paragraph (e), the first date on which the Common Shares are traded ex-the relevant Securities or ex-rights, ex-option or ex-warrants on the Relevant Stock Exchange.

(f) If and whenever BBVA shall issue (otherwise than as mentioned in sub-paragraph (d) above) wholly for cash or for no consideration any Common Shares (other than Common Shares issued on conversion of any series of contingent convertible preferred securities or on the exercise of any rights of conversion into, or exchange or subscription for or purchase of, or right to otherwise acquire Common Shares) or if and whenever BBVA or any member of the BBVA Group or (at the direction or request or pursuant to any arrangements with BBVA or any member of the BBVA Group) any other company, person or entity shall issue or grant (otherwise than as mentioned in sub-paragraph (d) above) wholly for cash or for no consideration any options, warrants or other rights to subscribe for or purchase or otherwise acquire any Common Shares (other than the contingent convertible preferred securities of any series, which term shall for this purpose include any further contingent convertible preferred securities), in each case at a price per Common Share which is less than 95% of the Current Market Price per Common Share on the date of the first public announcement of the terms of such issue or grant, the Floor Price shall be adjusted by multiplying the Floor Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Common Shares in issue immediately before the issue of such Common Shares or the grant of such options, warrants or rights;

B is the number of Common Shares which the aggregate consideration (if any) receivable for the issue of such Common Shares or, as the case may be, for the Common Shares to be issued or otherwise made available upon the exercise of any such options, warrants or rights, would purchase at such Current Market Price per Common Share on the Effective Date; and

C is the number of Common Shares to be issued pursuant to such issue of such Common Shares or, as the case may be, the maximum number of Common Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights,

provided that if at the Effective Date, such number of Common Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time, then for the purposes of this sub-paragraph (f), “C” shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Effective Date and as if such conversion, exchange, subscription, purchase or acquisition had taken place on the Effective Date.

Such adjustment shall become effective on the Effective Date.

“Effective Date” means, in respect of this sub-paragraph (f), the date of issue of such Common Shares or, as the case may be, the grant of such options, warrants or rights.

(g) If and whenever BBVA or any member of the BBVA Group or (at the direction or request of or pursuant to any arrangements with BBVA or any member of the BBVA Group) any other company, person or entity (otherwise than as mentioned in sub-paragraphs (d), (e) or (f) above) shall issue wholly for cash or for no consideration any Securities (other than contingent convertible preferred securities of any series, which term shall for this purpose include any further contingent convertible preferred securities) which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, purchase of, or rights to otherwise acquire, Common Shares (or shall grant any such rights in respect of existing Securities so issued) or Securities which by their terms might be reclassified/redesignated as Common Shares, and the consideration per Common Share receivable upon conversion, exchange, subscription, purchase, acquisition or redesignation is less than 95% of the Current Market Price per Common Share on the date of the first public announcement of the terms of issue of such Securities (or the terms of such grant), the Floor Price shall be adjusted by multiplying the Floor Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Common Shares in issue immediately before such issue or grant (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for, purchase of, or rights to otherwise acquire Common Shares which have been issued, purchased or acquired by BBVA or any member of the BBVA Group (or at the direction or request or pursuant to any arrangements with BBVA or any member of the BBVA Group) for the purposes of or in connection with such issue, less the number of such Common Shares so issued, purchased or acquired);

B is the number of Common Shares which the aggregate consideration (if any) receivable for the Common Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription, purchase or acquisition attached to such Securities or, as the case may be, for the Common Shares to be issued or to arise from any such reclassification/ redesignation would purchase at such Current Market Price per Common Share; and

C is the maximum number of Common Shares to be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such right of subscription attached thereto at the initial conversion, exchange, subscription, purchase or acquisition price or rate or, as the case may be, the maximum number of Common Shares which may be issued or arise from any such reclassification/ redesignation;

provided that if at the Effective Date such number of Common Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of subscription, purchase or acquisition are exercised or, as the case may be, such Securities are reclassified/redesignated or at such other time as may be provided), then for the purposes of this sub-paragraph (g), "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Effective Date and as if such conversion, exchange, subscription, purchase or acquisition or, as the case may be, reclassification, redesignation had taken place on the Effective Date.

Such adjustment shall become effective on the Effective Date.

"Effective Date" means, in respect of this sub-paragraph (g), the date of issue of such Securities or, as the case may be, the grant of such rights.

(h) If and whenever there shall be any modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to any Securities (other than the contingent convertible preferred securities of any series, which term for this purpose shall include any further contingent convertible preferred securities) pursuant to sub-paragraph (g) above (other than in accordance with the terms (including terms as to adjustment) applicable to such Securities upon issue) so that following such modification the consideration per Common Share receivable has been reduced and is less than 95% of the Current Market Price per Common Share on the date of the first public announcement of the proposals for such modification, the Floor Price shall be adjusted by multiplying the Floor Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Common Shares in issue immediately before such modification (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for, or purchase or acquisition of, Common Shares which have been issued, purchased or acquired by BBVA or any member of the BBVA Group (or at the direction or request or pursuant to any arrangements with BBVA or any member of the BBVA Group) for the purposes of or in connection with such Securities, less the number of such Common Shares so issued, purchased or acquired);

B is the number of Common Shares which the aggregate consideration (if any) receivable for the Common Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription, purchase or acquisition attached to the Securities so modified would purchase at such Current Market Price per Common Share or, if lower, the existing conversion, exchange, subscription, purchase or acquisition price or rate of such Securities; and

C is the maximum number of Common Shares which may be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such rights of subscription, purchase or acquisition attached thereto at the modified conversion, exchange, subscription, purchase or acquisition price or rate but giving credit in such manner as an Independent Financial Adviser in good faith shall consider appropriate for any previous adjustment under this sub-paragraph (h) or sub-paragraph (g) above;

provided that if at the Effective Date such number of Common Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of subscription, purchase or acquisition are exercised or at such other time as may be provided) then for the purposes of this sub-paragraph (h), "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Effective Date and as if such conversion, exchange, subscription, purchase or acquisition had taken place on the Effective Date.

Such adjustment shall become effective on the Effective Date.

"Effective Date" means, in respect of this sub-paragraph (h), the date of modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to such Securities.

(i) If and whenever BBVA or any member of the BBVA Group or (at the direction or request of or pursuant to any arrangements with BBVA or any member of the BBVA Group) any other company, person or entity shall offer any Securities in connection with which the Shareholders as a class are entitled to participate in arrangements whereby such Securities may be acquired by them (except where the Floor Price falls to be adjusted under sub-paragraphs (b), (c), (d), (e) or (f) above or sub-paragraph (j) below (or would fall to be so adjusted if the relevant issue or grant was at less than 95% of the Current Market Price per Common Share on the relevant dealing day under sub-paragraph (e) above)) the Floor Price shall be adjusted by multiplying the Floor Price in force immediately before the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Common Share on the Effective Date; and

B is the Fair Market Value on the Effective Date of the portion of the relevant offer attributable to one Common Share.

Such adjustment shall become effective on the Effective Date.

"Effective Date" means, in respect of this sub-paragraph (i), the first date on which the Common Shares are traded ex-rights on the Relevant Stock Exchange.

(j) If BBVA determines that a reduction to the Floor Price should be made for whatever reason, the Floor Price will be reduced (either generally or for a specified period as notified to holders of the contingent convertible preferred securities of such relevant series) in such manner and with effect from such date as BBVA shall determine and notify to the holders of the relevant series of contingent convertible preferred securities.

Notwithstanding the foregoing provisions in this section “Anti-Dilution Adjustment of the Floor Price”:

- where the events or circumstances giving rise to any adjustment of the Floor Price have already resulted or will result in an adjustment to the Floor Price or where the events or circumstances giving rise to any adjustment arise by virtue of any other events or circumstances which have already given or will give rise to an adjustment to the Floor Price or where more than one event which gives rise to an adjustment to the Floor Price occurs within such a short period of time that, in the opinion of BBVA, a modification to the operation of the adjustment provisions is required to give the intended result, such modification shall be made to the operation of the adjustment provisions as may be determined in good faith by an Independent Financial Adviser to be in its opinion appropriate to give the intended result; and
- such modification shall be made to the operation of the anti-dilution adjustment terms described in this section “Anti-Dilution Adjustment of the Floor Price” as may be determined in good faith by an Independent Financial Adviser to be in its opinion appropriate (A) to ensure that an adjustment to the Floor Price or the economic effect thereof shall not be taken into account more than once and (B) to ensure that the economic effect of a Dividend is not taken into account more than once;

and in each case, any such modification shall be conclusive and binding on all parties (including the holders and beneficial owners of any contingent convertible preferred security) save in the case of manifest error.

For the purpose of any calculation of the consideration receivable or price pursuant to sub-paragraphs (d), (f), (g) and (h) above, the following provisions shall apply:

- the aggregate consideration receivable or price for Common Shares issued for cash shall be the amount of such cash;
- (A) the aggregate consideration receivable or price for Common Shares to be issued or otherwise made available upon the conversion or exchange of any Securities shall be deemed to be the consideration or price received or receivable for any such Securities and (B) the aggregate consideration receivable or price for Common Shares to be issued or otherwise made available upon the exercise of rights of subscription attached to any Securities or upon the exercise of any options, warrants or rights shall be deemed to be that part (which may be the whole) of the consideration or price received or receivable for such Securities or, as the case may be, for such options, warrants or rights which are attributed by BBVA to such rights of subscription or, as the case may be, such options, warrants or rights or, if no part of such consideration or price is so attributed, the Fair Market Value of such rights of subscription or, as the case may be, such options, warrants or rights as at the relevant Effective Date as referred to in sub-paragraphs (d), (f), (g) or (h) above, as the case may be, plus in the case of each of (A) and (B) above, the additional minimum consideration receivable or price (if any) upon the conversion or exchange of such Securities, or upon the exercise of such rights of subscription attached thereto or, as the case may be, upon exercise of such options, warrants or rights and (C) the consideration receivable or price per Common Share upon the conversion or exchange of, or upon the exercise of such rights of subscription attached to, such Securities or, as the case may be, upon the exercise of such options, warrants or rights shall be the aggregate consideration or price referred to in (A) or (B) above (as the case may be) divided by the number of Common Shares to be issued upon such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate;
- if the consideration or price determined pursuant to the two provisions immediately above (or any component thereof) shall be expressed in a currency other than the Share Currency, it shall be converted into the Share Currency at the Prevailing Rate on the relevant Effective Date (in the case of the second provision immediately above) or the relevant date of first public announcement (in the case of the first provision immediately above);
- in determining the consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant Common Shares or Securities or options, warrants or rights, or otherwise in connection therewith; and
- the consideration or price shall be determined as provided above on the basis of the consideration or price received, receivable, paid or payable regardless of whether all or part thereof is received, receivable, paid or payable by or to BBVA or another entity.

If the Conversion Settlement Date in relation to the Conversion of any contingent convertible preferred security of any series shall be after the record date in respect of any consolidation, reclassification, redesignation or sub-division as is mentioned in sub-paragraph (a) above, or after the record date or other due date for the establishment of entitlement for any such issue, distribution, grant or offer (as the case may be) as is mentioned in sub-paragraphs (b), (c), (d), (e) or (i) above, or after the date of the first public announcement of the terms of any such issue or grant as is mentioned in sub-paragraphs (f) or (g) above or of the terms of any such modification as is mentioned in sub-paragraph (h) above, but before the relevant adjustment to the Floor Price (if applicable) becomes effective pursuant to the provisions described in this section “—Anti-Dilution Adjustment of the Floor Price” (such adjustment, a “Retroactive



Adjustment”), then BBVA shall (conditional upon the relevant adjustment becoming effective) procure that there shall be delivered to the Conversion Shares Depository, for onward delivery to the holders of the relevant contingent convertible preferred securities, in accordance with the instructions contained in the Delivery Notices received by the Conversion Shares Depository, such additional number of Common Shares (if any) (the “Additional Common Shares”) as, together with the Common Shares issued on Conversion of the contingent convertible preferred securities (together with any fraction of a Common Share not so delivered to any relevant holder), is equal to the number of Common Shares which would have been required to be issued and delivered on such Conversion if the relevant adjustment to the Floor Price had been made and become effective immediately prior to the relevant Conversion Notice Date (subject as provided above with respect to fractions), provided that, where applicable, if the Conversion Shares Depository and/or the holders, as the case may be, shall be entitled to receive the relevant Dividend in respect of the Common Shares to be issued or delivered to them, then no such Retroactive Adjustment shall be made in relation to such Dividend and Additional Common Shares shall not be issued and delivered to the Conversion Shares Depository and holders in relation thereto. If Additional Common Shares are required under the contingent convertible preferred securities indenture, all references to the issue and/or delivery of Common Shares in the contingent convertible preferred securities indenture shall be construed accordingly.

If any doubt shall arise as to whether an adjustment is required to be made to the Floor Price or as to the appropriate adjustment to the Floor Price, BBVA may at its discretion appoint an Independent Financial Adviser and, following consultation between BBVA and such Independent Financial Adviser, a written determination of such Independent Financial Adviser in respect thereof shall be conclusive and binding on all parties (including the holders and beneficial owners of any contingent convertible preferred security), save in the case of manifest error.

No adjustment will be made to the Floor Price where Common Shares or other Securities (including rights, warrants and options) are issued, offered, exercised, allotted, purchased, appropriated, modified or granted to, or for the benefit of, employees or former employees (including directors holding or formerly holding executive or non-executive office or the personal service company of any such person) or their spouses or relatives, in each case, of BBVA or any member of the BBVA Group or any associated company or to a trustee or trustees or intermediary to be held for the benefit of any such person, in any such case pursuant to any share or option or similar scheme.

On any adjustment, if the resultant Floor Price has more decimal places than the initial Floor Price, it shall be rounded down to the same number of decimal places as the initial Floor Price. No adjustment shall be made to the Floor Price where such adjustment (rounded down if applicable) would be less than 1% of the Floor Price then in effect. Any adjustment not required to be made pursuant to the above, and/or any amount by which the Floor Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made.

Notice of any adjustments to the Floor Price shall be given by BBVA to holders of the contingent convertible preferred securities of any series through the filing of a relevant information (*información relevante*) announcement with the CNMV and its publication in accordance with the rules and regulations of any applicable stock exchange or other relevant authority and in accordance with “—Notices” below promptly after the determination thereof.

### ***Conversion Procedures***

If a Trigger Event occurs at any time on or after the issue date of any series of contingent convertible preferred securities, then BBVA will notify the Regulator and the holders of such series of contingent convertible preferred securities immediately upon BBVA’s determination that a Trigger Event has occurred (i) through the filing of a relevant information (*información relevante*) announcement with the CNMV and its publication in accordance with the rules and regulations of any applicable stock exchange or other relevant authority and (ii) in accordance with “—Notices” below (together, the “Trigger Event Notice”). Any failure by BBVA to give a Trigger Event Notice or otherwise notify the holders of a Trigger Event will have no impact on the effectiveness of, or otherwise invalidate, any Trigger Conversion, will not constitute an Enforcement Event with respect to such series of contingent convertible preferred securities, or give the holders or beneficial owners of the contingent convertible preferred securities of such series any rights as a result of such failure.

If a Capital Reduction occurs at any time on or after the issue date of any series of contingent convertible preferred securities, then BBVA will notify the Regulator and the holders of such series of contingent convertible preferred securities immediately (i) through the filing of a relevant information (*información relevante*) announcement with the CNMV and its publication in accordance with the rules and regulations of any applicable stock exchange or other relevant authority and (ii) in accordance with “—Notices” below (together, the “Capital Reduction Notice”). Any failure by BBVA to give a Capital Reduction Notice or otherwise notify the holders of

a Capital Reduction, will have no impact on the effectiveness of, or otherwise invalidate, any Capital Reduction, will not constitute an Enforcement Event with respect to such series of contingent convertible preferred securities, or give the holders or beneficial owners of the contingent convertible preferred securities of such series any rights as a result of such failure.

A Conversion Notice shall be a written notice specifying the following:

- that a Trigger Event or a Capital Reduction has occurred, as the case may be;
- in the case of a Capital Reduction Notice, the Conversion Price;
- in the case of a Capital Reduction Notice, the Election Period and the procedures holders must follow with respect to timely submission of Election Notices;
- in the case of a Capital Reduction Notice, the expected Conversion Settlement Date, which shall be as soon as practicable and in any event not later than one month following (or such other period as Applicable Banking Regulations may require) the Conversion Notice Date;
- the contact details of the Conversion Shares Depository and Paying and Conversion Agent and the procedures holders of the contingent convertible preferred securities must follow to obtain delivery of the Common Shares;
- that the contingent convertible preferred securities (other than, in the case of a Capital Reduction, contingent convertible preferred securities which holders elect not to convert in accordance with the provisions described under “—Conversion Upon Capital Reduction”) shall remain in existence for the sole purposes of evidencing the holder’s right to receive Common Shares from or on behalf of the Conversion Shares Depository and, in the case of a Capital Reduction, of evidencing the holder’s right to receive payment of accrued and unpaid Distributions for the then current Distribution Period up to (but excluding) the Conversion Settlement Date as provided under “—Conversion Upon Capital Reduction”, where not cancelled or deemed cancelled pursuant to, or otherwise subject to the limitations on payment set out in, “—Payments—Distributions”; and
- a request that holders and beneficial owners (or the custodian, broker, nominee or other representative thereof) of such contingent convertible preferred securities complete a Delivery Notice to be delivered, together with the relevant contingent convertible preferred securities held by them (other than, in the case of a Capital Reduction, contingent convertible preferred securities which holders elect not to convert in accordance with the provisions described under “—Conversion Upon Capital Reduction”), to the specified office of the Paying and Conversion Agent, with a copy of such Delivery Notice to the trustee, no later than five Business Days (in the relevant place of delivery) prior to the relevant Conversion Settlement Date (the “Notice Cut-off Date”).

In the case of a Trigger Event, BBVA shall further notify the holders of the relevant series of contingent convertible preferred securities of the expected Conversion Settlement Date and of the Conversion Price within ten (10) Business Days of the Conversion Notice Date in accordance with “—Notices” below.

The Conversion Notice Date shall be deemed to be the date on which the Trigger Event Notice or the Capital Reduction Notice, as the case may be, is communicated through the filing of a relevant information (*información relevante*) announcement with the CNMV and is published in accordance with the rules and regulations of any applicable stock exchange or other relevant authority.

Upon BBVA’s determination that a Trigger Event has occurred or upon BBVA’s adoption of a Capital Reduction measure, it shall, prior to giving a Conversion Notice, deliver to the trustee a certificate stating that a Conversion Event has occurred, which the trustee shall accept without any further enquiry as sufficient evidence of such matters, and such certificate will be conclusive and binding on the trustee, the holders and beneficial owners of the contingent convertible preferred securities of such series. BBVA shall provide a copy of the Conversion Notice to the trustee as soon as it is available.

Within two (2) Business Days after its receipt of the Conversion Notice, the trustee shall transmit the Conversion Notice to the depository and BBVA expects that, promptly following its receipt of the Conversion Notice, pursuant to the relevant procedures then in effect, the depository shall post the Conversion Notice to, if DTC is acting as depository, its Reorganization Inquiry for Participants System (or in the case of any other depository, its equivalent).

If a Trigger Event occurs, the contingent convertible preferred securities of any series will be converted in whole and not in part, and if a Capital Reduction occurs, the contingent convertible preferred securities of any series will be converted in whole and not in part except for contingent convertible preferred securities in respect of which such holders have elected not to convert such contingent convertible preferred securities in accordance with the provisions described under “—Conversion Upon Capital Reduction”.

Notwithstanding anything set forth in this prospectus to the contrary, except in the case of a Capital Reduction with respect to any contingent convertible preferred securities in respect of which the holders have

elected not to convert such contingent convertible preferred securities in accordance with the provisions described under “—Conversion Upon Capital Reduction” (as the case may be), upon a Conversion, (i) subject to the right of holders of the contingent convertible preferred securities relating to a breach of the Performance Obligation (as defined below) in the event of a failure by BBVA to issue and deliver any Common Shares to the Conversion Shares Depository on the Conversion Settlement Date and, in the case of a Capital Reduction, the right of holders to receive payment of accrued and unpaid Distributions for the then current Distribution Period up to (but excluding) the Conversion Settlement Date as provided under “—Conversion Upon Capital Reduction” (where not cancelled or deemed cancelled pursuant to, or otherwise subject to the limitations on payment set out in, “—Payments—Distributions” and except as provided under “—Conversion Upon Capital Reduction”), the contingent convertible preferred securities indenture shall impose no duties upon the trustee whatsoever with regard to a Conversion (except the limited duties set forth in the contingent convertible preferred securities indenture in respect of a global security which is surrendered for conversion in part upon a Capital Reduction), and the holders of the contingent convertible preferred securities converted or to be converted shall have no rights whatsoever under the contingent convertible preferred securities indenture or such contingent convertible preferred securities to instruct the trustee to take any action whatsoever and (ii) as of the Conversion Notice Date, except for any indemnity and/or security provided by any holders of such contingent convertible preferred securities in such direction or related to such direction, any direction previously given to the trustee by any holders of such contingent convertible preferred securities shall cease automatically and shall be null and void and of no further effect.

BBVA’s obligations to indemnify the trustee in accordance with the contingent convertible preferred securities indenture shall survive any Conversion.

#### ***Agreement and Waiver with Respect to Conversion***

The contingent convertible preferred securities of any series are not convertible into Common Shares at the option of holders of contingent convertible preferred securities of any series at any time and are not redeemable in cash as a result of a Conversion Event. Notwithstanding any other provision herein, by its acquisition of the contingent convertible preferred securities of any series, each holder and beneficial owner shall be deemed to have (i) agreed to all the terms and conditions of the contingent convertible preferred securities of such series, including, without limitation, those related to (x) Conversion following a Trigger Event or Capital Reduction, as the case may be, and (y) the appointment of the Conversion Shares Depository, the issuance of the Common Shares to the Conversion Shares Depository (or to the relevant recipient in accordance with the terms of the contingent convertible preferred securities of such series or the Conversion Notice), and acknowledged that such events in (x) and (y) may occur without any further action on the part of the holders or beneficial owners of the contingent convertible preferred securities of such series or the trustee, (ii) agreed that effective upon, and following, the Conversion, no amount shall be due and payable to the holders of the contingent convertible preferred securities so converted (other than any accrued and unpaid Distributions to be paid upon a Capital Reduction Conversion in accordance with the provisions set forth under “—Conversion Upon Capital Reduction” (where not cancelled or deemed cancelled pursuant to, or otherwise subject to the limitations on payment set out in, “—Payments—Distributions”, and except as provided under “—Conversion Upon Capital Reduction”)), and BBVA’s liability to pay any such amounts (including the Liquidation Preference (and premium, if any) of, or any Distribution in respect of (other than any accrued and unpaid Distributions to be paid upon a Capital Reduction Conversion in accordance with the provisions set forth under “—Conversion Upon Capital Reduction” (where not cancelled or deemed cancelled pursuant to, or otherwise subject to the limitations on payment set out in, “—Payments—Distributions”, and except as provided under “—Conversion Upon Capital Reduction”)), except as noted below under “—Settlement Procedures” with respect to certain stamp and similar taxes, shall be automatically released, and the holders of the contingent convertible preferred securities so converted shall not have the right to give a direction to the trustee with respect to the Conversion Event and any related Conversion, (iii) waived, to the extent permitted by the Trust Indenture Act, any claim against the trustee arising out of its acceptance of its trusteeship under, and the performance of its duties, powers and rights in respect of, the contingent convertible preferred securities indenture and in connection with the contingent convertible preferred securities so converted or to be converted, including, without limitation, claims related to or arising out of or in connection with a Conversion Event and/or any Conversion and (iv) authorized, directed and requested DTC, the European Clearing Systems and any direct participant in DTC, the European Clearing Systems or other intermediary or depository through which it holds such contingent convertible preferred securities to be converted to take any and all necessary action, if required, to implement the Conversion without any further action or direction on the part of such holder or beneficial owner of such contingent convertible preferred securities or the trustee.

#### ***Settlement Procedures***

Delivery of the Common Shares to the holders of converted contingent convertible preferred securities upon a Conversion Event shall be made in accordance with the following procedures. BBVA may make changes to these procedures to the extent such changes are reasonably necessary, in the opinion of BBVA, including to reflect changes in clearing system practices.

Holders of any series of contingent convertible preferred securities cleared and settled through DTC may elect to have their Common Shares delivered in the form of Common Shares or ADSs in accordance with the

procedures described below. The obligation to deliver ADSs if a holder elects to have its Common Shares delivered in such form will apply only if on the relevant Conversion Settlement Date BBVA continues to maintain an ADS depository facility. For further information on the ADSs and BBVA's current ADS deposit agreement, see "Description of BBVA American Depositary Shares".

In order to obtain delivery of the relevant Common Shares, or, if indicated in the relevant Delivery Notice, ADSs, upon any Conversion from the Conversion Shares Depository, the relevant holder or beneficial owner (or the custodian, broker, nominee or other representative thereof) must deliver its contingent convertible preferred securities (other than, in the case of a Capital Reduction, contingent convertible preferred securities which holders elect not to convert in accordance with "—Conversion Upon Capital Reduction") and a duly completed Delivery Notice to the specified office of the Paying and Conversion Agent, with a copy of such Delivery Notice to the trustee, on or before the Notice Cut-off Date. The Delivery Notice shall contain: (i) the name of the holder or beneficial owner (or the custodian, broker, nominee or other representative thereof) of the contingent convertible preferred securities to be converted; (ii) the aggregate Liquidation Preference held by such holder or beneficial owner (or the custodian, broker, nominee or other representative thereof) of such converted contingent convertible preferred securities on the date of such notice; (iii) the name in which the Common Shares or ADSs, as applicable, are to be registered, if applicable; (iv) whether Common Shares or ADSs are to be delivered to the holder or beneficial owner of such contingent convertible preferred securities; (v) the details of the DTC, Iberclear or other clearing system account (subject to the limitations set out below) to which the Common Shares or ADSs are to be credited (or, if the Common Shares are not a participating security in Iberclear or another clearing system, the address to which the Common Shares should be delivered; and, as the case may be, details of the registered account in BBVA's ADS facility if direct registration ADSs are to be issued); (vi) any relevant certifications and/or representations as may be required by applicable law and regulations; and (vii) such other details as may be required by the Paying and Conversion Agent or any relevant Clearing System.

If the contingent convertible preferred securities are held through DTC, the Delivery Notice must be given and the contingent convertible preferred securities delivered in accordance with the applicable procedures of DTC (which may include the notice being given to the Paying and Conversion Agent by electronic means) and in a form acceptable to DTC and the Paying and Conversion Agent. With respect to any contingent convertible preferred securities held in definitive form, the Delivery Notice must be delivered to the specified office of the Paying and Conversion Agent together with the relevant contingent convertible preferred securities, except as otherwise indicated in the relevant Conversion Notice.

Subject as provided in this section "Settlement Procedures" and provided that the relevant contingent convertible preferred securities and a duly completed Delivery Notice have been delivered not later than the Notice Cut-off Date, the Paying and Conversion Agent shall give instructions to the Conversion Shares Depository that the Conversion Shares Depository shall deliver the relevant Common Shares (rounded down to the nearest whole number of Common Shares) to, or shall deposit part or all of such Common Shares with the ADS Depository on behalf of, the holder or beneficial owner (or the custodian, broker, nominee or other representative thereof) of the relevant contingent convertible preferred securities completing such Delivery Notice or its nominee in accordance with the instructions given in such Delivery Notice on the applicable Conversion Settlement Date.

Any Delivery Notice shall be irrevocable. Failure properly to complete and deliver a Delivery Notice and deliver the relevant contingent convertible preferred securities may result in such Delivery Notice being treated as null and void and BBVA shall be entitled to procure the sale of any applicable Common Shares to which the relevant holder may be entitled in accordance with the provisions described in "—Failure to Deliver a Delivery Notice" below. Any determination as to whether any Delivery Notice has been properly completed and delivered as provided in this section "—Settlement Procedures" shall be made by BBVA in its sole discretion, acting in good faith, and shall, in the absence of manifest error, be conclusive and binding on the relevant holders and beneficial owners (and any custodian, broker, nominee or other representative thereof).

#### *Delivery of ADSs*

In respect of any Common Shares that holders elect to receive in the form of ADSs as specified in the Delivery Notice, the Conversion Shares Depository shall deposit with the custodian for the ADS Depository the relevant number of Common Shares to be issued upon Conversion of the relevant contingent convertible preferred securities, and the ADS Depository shall issue the corresponding number of ADSs to the DTC Participant account or registered ADS facility account specified by such holders (per the ADS-to-Common Share ratio in effect on the Conversion Settlement Date). However, the issuance of the ADSs by the ADS Depository may be delayed until the depository bank or the custodian receives confirmation that all required approvals have been given and that the Common Shares have been duly transferred to the custodian and that all applicable depository fees and payments have been paid to the ADS Depository. For further information on the ADSs or the ADS deposit agreement, see "Description of BBVA American Depositary Shares".



### ***Failure to Deliver a Delivery Notice***

If a duly completed Delivery Notice and the relevant contingent convertible preferred securities are not delivered to the Paying and Conversion Agent as provided in the contingent convertible preferred securities indenture and in the relevant Conversion Notice on or before the Notice Cut-off Date, then at any time following the Notice Cut-off Date and prior to the 10th Business Day after the Conversion Settlement Date, BBVA may in its sole and absolute discretion (and the relevant holders and beneficial owners of such contingent convertible preferred securities shall be deemed to agree thereto), elect to appoint a person (the “Selling Agent”) to procure that all Common Shares held by the Conversion Shares Depository in respect of which the applicable contingent convertible preferred securities and duly completed Delivery Notice have not been delivered on or before the Notice Cut-off Date as aforesaid be sold by or on behalf of the Selling Agent as soon as reasonably practicable.

Subject to the deduction by or on behalf of the Selling Agent of any amount payable in respect of its liability to taxation and the payment of any capital, stamp, issue, registration and/or transfer taxes and duties (if any) and any fees or costs incurred by or on behalf of the Selling Agent in connection with the issue, allotment and sale of any Common Shares pursuant to the preceding paragraph, and the conversion of any proceeds of such sale into U.S. dollars, the net proceeds of such sale, converted into U.S. dollars at the Prevailing Rate on the Notice Cut-off Date, if necessary, shall as soon as reasonably practicable be distributed ratably to the relevant holders in such manner and at such time as BBVA shall determine and notify to the relevant holders. Such payment shall for all purposes discharge the obligations of BBVA, the Conversion Shares Depository, the Paying and Conversion Agent and the Selling Agent to such holders in respect of the relevant Conversion.

BBVA, the Conversion Shares Depository, the Paying and Conversion Agent and the Selling Agent shall have no liability in respect of the exercise or non-exercise of any discretion or power pursuant to this section “—Failure to Deliver a Delivery Notice” or in respect of any sale of any Common Shares, whether for the timing of any such sale or the price at or manner in which any such Common Shares are sold or the inability to sell any such Common Shares. Furthermore, BBVA, the Conversion Shares Depository, the Paying and Conversion Agent and the Selling Agent shall have no liability to any holder or beneficial owner of the contingent convertible preferred securities for any loss resulting from such holder’s or beneficial owner’s failure to receive any Common Shares or ADSs, or from any delay in the receipt thereof, in each case as a result of such holder or beneficial owner (or custodian, nominee, broker or other representative thereof) failing to duly submit a Delivery Notice and the relevant contingent convertible preferred securities on a timely basis or at all.

If the applicable contingent convertible preferred securities and Delivery Notice are not delivered to the Paying and Conversion Agent on or before the Notice Cut-off Date and BBVA does not appoint the Selling Agent by the 10th Business Day after the Conversion Settlement Date, or if any Common Shares are not sold by the Selling Agent in accordance with this section “—Failure to Deliver a Delivery Notice”, the Conversion Shares Depository shall continue to hold any Common Shares not sold by the Selling Agent until a duly completed Delivery Notice and the relevant contingent convertible preferred securities are so delivered. However, any holder or beneficial owner (or custodian, broker, nominee or other representative thereof) of such contingent convertible preferred securities delivering a Delivery Notice after the Notice Cut-off Date will have to provide evidence of its entitlement to the relevant Common Shares, or if the holder so elects, ADSs, satisfactory to the Conversion Shares Depository in its sole and absolute discretion in order to receive delivery of such Common Shares or ADSs (if so elected to be deposited with the ADS Depository on its behalf).

### ***Certain Taxes and Other Costs***

A holder of the contingent convertible preferred securities of any series or Selling Agent must pay (in the case of the Selling Agent by means of deduction from the net proceeds of sale referred to in “—Failure to Deliver a Delivery Notice”) any taxes and capital, stamp, issue, registration and transfer taxes or duties arising on Conversion (other than any capital, stamp, issue, registration and transfer taxes or duties payable in Spain by BBVA in respect of the issue and delivery of the Common Shares in accordance with a Delivery Notice delivered pursuant to the contingent convertible preferred securities indenture which shall be paid by BBVA) and such holder or the Selling Agent (as the case may be) must pay (in the case of the Selling Agent, by way of deduction from the net proceeds of sale as aforesaid) all, if any, taxes or duties arising by reference to any disposal or deemed disposal of a contingent convertible preferred security or interest therein.

Any costs incurred by the Conversion Shares Depository or any parent, subsidiary or affiliate of the Conversion Shares Depository in connection with the holding by the Conversion Shares Depository of any Common Shares and any amount received in respect thereof shall be deducted by the Conversion Shares Depository from such amount (or, if such deduction is not possible, paid to the Conversion Shares Depository, by the relevant holder) prior to the delivery of such Common Shares and/or payment of such amount to the relevant holder.

If BBVA shall fail to pay any capital, stamp, issue, registration and transfer taxes or duties for which it is responsible as provided above, the holder or Selling Agent, as the case may be, shall be entitled (but shall not be



obliged) to tender and pay the same and BBVA as a separate and independent obligation, undertakes to reimburse and indemnify each holder or Selling Agent, as the case may be, in respect of any payment thereof and any penalties payable in respect thereof.

### ***Status of the Common Shares***

The Common Shares issued on Conversion will be fully paid and will in all respects rank *pari passu* with the fully paid Common Shares in issue on the relevant Conversion Notice Date, except in any such case for any right excluded by mandatory provisions of applicable law and except that such Common Shares will not rank for (or, as the case may be, the relevant holder shall not be entitled to receive) any rights, distributions or payments the record date or other due date for the establishment of entitlement for which falls prior to the Conversion Settlement Date.

### **Additional Amounts**

Unless otherwise specified in the relevant prospectus supplement, all payments of Distributions payable in respect of contingent convertible preferred securities by BBVA will be made free and clear of and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges (collectively "Taxes") of whatever nature imposed or levied by or on behalf of Spain or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, BBVA shall (to the extent such payment can be made out of Distributable Items of BBVA on the same basis as for payment of any Distribution) pay, in respect of any withholding or deduction imposed on payments of Distributions only (and not Liquidation Preference (and premium, if any) or other amount), such additional amounts ("Additional Amounts") as will result in holders of any series of outstanding contingent convertible preferred securities receiving such amounts as they would have received in respect of such Distributions had no such withholding or deduction been required.

BBVA shall not be required to pay any Additional Amounts in relation to any payment in respect of any contingent convertible preferred security:

(a) to, or to a third party on behalf of, a holder if the holder or the beneficial owner of contingent convertible preferred securities of any series is liable for such Taxes in respect of such contingent convertible preferred security by reason of his having some connection with Spain other than the mere holding of such contingent convertible preferred security; or

(b) to, or to a third party on behalf of, a holder if the holder or the beneficial owner of contingent convertible preferred securities fails to provide BBVA or the trustee or Paying Agent (as BBVA may determine in connection with each series of contingent convertible preferred securities) acting on behalf of BBVA the information concerning such holder or beneficial owner as may be required in order to comply with any procedures that may be implemented to comply with any interpretation of Royal Decree 1065/2007, as amended, made by the Spanish Tax Authorities; or

(c) to, or to a third party on behalf of, a holder if the holder or the beneficial owner of contingent convertible preferred securities of any series failed to make any necessary claim or to comply with any certification, identification or other requirements concerning the nationality, residence, identity or connection with the taxing jurisdiction of such holder or beneficial owner, if such claim or compliance is required by statute, regulation or administrative practice of the taxing jurisdiction of BBVA as a condition to relief or exemption from such taxes; or

(d) presented for payment (where presentation is required) more than 30 days after the Relevant Date, except to the extent that the relevant holder would have been entitled to such Additional Amounts on presenting the same for payment on the expiry of such period of 30 days; or

(e) to, or to a third party on behalf of, individuals resident for tax purposes in Spain; or

(f) to, or to a third party on behalf of, a Spanish-resident legal entity subject to Spanish corporation tax if the Spanish tax authorities determine that the contingent convertible preferred securities of any series do not comply with exemption requirements specified in the Reply to a Consultation of the Directorate General for Taxation (*Dirección General de Tributos*) dated July 27, 2004, and require a withholding to be made.

In addition, Additional Amounts will not be payable with respect to any Taxes that are imposed in respect of any combination of the items listed in (a) through (f) set forth above.

Additional Amounts will also not be paid with respect to any payment to a holder who is a fiduciary, a partnership, a limited liability company or person other than the sole beneficial owner of that payment, to the extent that payment would be required by the laws of Spain (or any political subdivision thereof) to be included in the income, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, a member of that partnership, an interest holder in that limited liability company or a beneficial owner who would not have been entitled to the Additional Amounts had it been the holder.

No Additional Amounts will be paid by BBVA or any paying agent on account of any deduction or withholding from a payment on, or in respect of, the Distributions where the withholding or deduction is required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (“FATCA”), any regulations or agreements thereunder, any official interpretations thereof, any intergovernmental agreements with respect thereto (including the intergovernmental agreement between the United States and Spain on the implementation of FATCA), or any law implementing an intergovernmental agreement or any regulations or official interpretations relating thereto.

For the purposes of this section:

“Relevant Date” means, in respect of any payment, the date on which such payment first becomes due and payable, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received and being available for payment to holders, notice to that effect is duly given to the holders in accordance with “—Notices” below.

Except where the context requires otherwise, any reference in this prospectus and, if applicable, the relevant prospectus supplement to Distributions in respect of the contingent convertible preferred securities shall be deemed to include any Additional Amounts payable with respect thereto.

## **Undertakings**

So long as any contingent convertible preferred security of a series remains outstanding, BBVA shall, unless approved by a majority in aggregate Liquidation Preference of such series:

(a) not make any issue, grant or distribution or take or omit to take any other action if the effect thereof would be that, on Conversion, Common Shares could not, under any applicable law then in effect, be legally issued as fully paid;

(b) if any offer is made to all (or as nearly as may be practicable all) Shareholders (or all (or as nearly as may be practicable all) such Shareholders other than the offeror and/or any associates of the offeror) to acquire all or a majority of the issued Common Shares, or if a scheme is proposed with regard to such acquisition (other than a Newco Scheme), give notice of such offer or scheme to the holders at the same time as any notice thereof is sent to the Shareholders (or as soon as practicable thereafter) that details concerning such offer or scheme may be obtained from the specified offices of the Paying and Conversion Agent and, where such an offer or scheme has been recommended by the board of directors of BBVA, or where such an offer has become or been declared unconditional in all respects or such scheme has become effective, use all commercially reasonable endeavors to procure that a like offer or scheme is extended to the holders of any Common Shares issued during the period of the offer or scheme arising out of any Conversion and/or to the holders;

(c) in the event of a Newco Scheme, take (or shall procure that there is taken) all necessary action to ensure that such amendments are made to the contingent convertible preferred securities indenture immediately after completion of the Scheme of Arrangement as are necessary to ensure that the contingent convertible preferred securities may be converted into or exchanged for ordinary shares in Newco (or depositary or other receipts or certificates representing ordinary shares of Newco) *mutatis mutandis* in accordance with and subject to the contingent convertible preferred securities indenture and the ordinary shares of Newco are:

- (i) admitted to the Relevant Stock Exchange; or
- (ii) listed and/or admitted to trading on another Recognized Stock Exchange,

and the holders of the contingent convertible preferred securities of the relevant series (which, for this purpose, includes holders of a beneficial interest in the Contingent Convertible Preferred Securities of such series) irrevocably authorize BBVA to make such amendments to the contingent convertible preferred securities indenture without the need for any further authorization from the holders of the contingent convertible preferred securities of such series;

(d) issue, allot and deliver Common Shares upon Conversion subject to and as provided in “—Conversion” above;

(e) use all reasonable endeavors to ensure that its issued and outstanding Common Shares and any Common Shares issued upon Conversion will be admitted to listing and trading on the Relevant Stock Exchange or will be listed and/or admitted to trading on another Recognized Stock Exchange;

(f) at all times keep in force the relevant resolutions needed for issue, free from pre-emptive rights, sufficient authorized but unissued Common Shares to enable Conversion of the contingent convertible preferred securities, and all rights of subscription and exchange for Common Shares, to be satisfied in full; and

(g) where the provisions of “—Conversion” above require or provide for a determination by an Independent Financial Adviser or a role to be performed by a Conversion Shares Depository or a Paying and Conversion Agent, BBVA shall use all reasonable endeavors promptly to appoint such persons for such purposes.

### **Modification and Waiver**

BBVA and the trustee may make certain modifications and amendments to the contingent convertible preferred securities indenture and any applicable supplemental indenture with respect to any series of contingent convertible preferred securities without the consent of the holders of such contingent convertible preferred securities for any of the following purposes:

- to evidence the succession of another person to BBVA and the assumption by any such successor of the covenants of BBVA in the contingent convertible preferred securities indenture and in the contingent convertible preferred securities of any series;
- to add to the covenants of BBVA for the benefit of the holders of all or any series of contingent convertible preferred securities (and, if such covenants are to be for the benefit of less than all series of contingent convertible preferred securities, stating that such covenants are expressly being included solely for the benefit of such series) or to surrender any right or power conferred upon BBVA by the contingent convertible preferred securities indenture;
- to add any additional Enforcement Events;
- to make changes to procedures relating to Conversion, delivery of the Common Shares, or ADSs, as applicable, provided, however, that, unless such changes are made as a result of any change in, or amendment to, any relevant laws or regulations, no such change shall adversely affect the interests of the holders of contingent convertible preferred securities of any series in any material respect;
- to add to, change or eliminate any of the provisions of the contingent convertible preferred securities indenture, or any supplemental indenture, provided, however, that any such addition, change or elimination shall become effective only when there is no outstanding contingent convertible preferred security of any series created prior to the execution of such supplemental indenture effecting such addition, change or elimination which would be adversely affected by such addition, change or elimination and in respect of which such supplemental indenture would apply;
- to establish the form or terms of contingent convertible preferred securities of any series as permitted by the contingent convertible preferred securities indenture;
- to change any place of payment, so long as any required place of payment is maintained;
- to cure any ambiguity or to correct or supplement any provision of the contingent convertible preferred securities indenture which may be defective or inconsistent with any other provision of the contingent convertible preferred securities indenture or in any supplemental indenture;
- to vary, substitute or change specified terms of any series of contingent convertible preferred securities subject to the conditions set forth in the contingent convertible preferred securities indenture, provided such action shall not adversely affect the interests of the holders of contingent convertible preferred securities of any series in any material respect;
- to evidence and provide for the acceptance of appointment under the contingent convertible preferred securities indenture by a successor trustee with respect to the contingent convertible preferred securities of one or more series and to add to or change any of the provisions of the contingent convertible preferred securities indenture as shall be necessary to provide for or facilitate the administration of the trusts under the contingent convertible preferred securities indenture by more than one trustee, pursuant to the requirements of the contingent convertible preferred securities indenture;

- to change or eliminate any provision of the contingent convertible preferred securities indenture so as to conform with the current provisions or any future provisions of the Trust Indenture Act;
- to name a different trustee for a particular series of contingent convertible preferred securities;
- to delete, amend or supplement any provision contained in the contingent convertible preferred securities indenture or in any supplemental indenture as a result of, and to the extent required by, the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority;
- to delete, amend or supplement any provision contained in the contingent convertible preferred securities indenture or in any supplemental indenture as a result of, and to the extent required by, Applicable Banking Regulations;
- with respect to any contingent convertible preferred security (including a global security), to amend any such contingent convertible preferred security to conform to the description of the terms of such contingent convertible preferred security in the prospectus, prospectus supplement, product supplement, pricing supplement or any other similar offering document related to the offering of such contingent convertible preferred security; and
- to change or modify any provision of the contingent convertible preferred securities indenture as necessary to ensure that the contingent convertible preferred securities of any series shall be convertible into ordinary shares of Newco in the event of a Newco Scheme.

Other modifications and amendments may be made to the contingent convertible preferred securities indenture and any applicable supplemental indenture with the consent of the holders of not less than a majority in aggregate Liquidation Preference of the outstanding contingent convertible preferred securities of each series affected by the modification or amendment, voting as one class. However, no modifications or amendments may be made without the consent of the holder of each contingent convertible preferred security affected that would:

- change the terms of any contingent convertible preferred security to reduce the Liquidation Preference (or premium, if any) payable upon the redemption of, or the Distributions payable on any contingent convertible preferred security (without prejudice to the provisions described herein, including under “—Payments—Distributions” and “—Agreement to Distribution Cancellation”), or change the obligation of BBVA (or its successor) to pay Additional Amounts (except as contemplated below under “—Substitution of Issuer”) on the contingent convertible preferred securities, or the currency in which payments under the contingent convertible preferred securities are to be made, or impair the right to institute suit for the enforcement of any such payment when due and payable on or with respect to any contingent convertible preferred security, or modify the calculation of and any adjustment to, the Conversion Price;
- reduce the percentage in aggregate Liquidation Preference of the outstanding contingent convertible preferred securities of any series, the consent of whose holders is required for any such supplemental indenture, or the consent of whose holders is required for any waiver (of compliance with certain provisions of the contingent convertible preferred securities indenture or of certain defaults thereunder and their consequences) provided for in the contingent convertible preferred securities indenture or reduce the requirements for a quorum or voting;
- change in any manner adverse to the interests of the holders of any contingent convertible preferred securities the subordination provisions of the contingent convertible preferred securities or the terms and conditions of the obligations of BBVA in respect of the due and punctual payment of any amounts due and payable on the contingent convertible preferred securities; or
- modify the requirements applicable to the modifications and amendments referred to above or to the waiver of past Enforcement Events, except to increase any required percentage or to provide that certain other provisions of the contingent convertible preferred securities indenture cannot be modified or waived without the consent of the holder of each outstanding contingent convertible preferred security affected thereby;

except in each case with respect to any modification or amendment of the contingent convertible preferred securities indenture pursuant to a supplemental indenture which is entered into as a result of, and to the extent required by, the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority or Applicable Banking Regulations, as the case may be (in which case neither the consent nor the affirmative vote of any holder of an outstanding contingent convertible preferred security affected shall be required).

## **Additional Issuances**

BBVA may, from time to time, without the consent of the holders of the contingent convertible preferred securities of any series, issue additional contingent convertible preferred securities of one or more of the series of contingent convertible preferred securities issued under the contingent convertible preferred securities indenture having the same ranking and same Distribution Rate, redemption terms and other terms as the contingent convertible preferred securities of such series except for the price to the public, original Distribution accrual date, issue date and first Distribution Payment Date. Any such additional contingent convertible preferred securities, together with the contingent convertible preferred securities of the relevant series, will constitute a single series of contingent convertible preferred securities under the contingent convertible preferred securities indenture and shall be included in the definition of “contingent convertible preferred securities” in the contingent convertible preferred securities indenture where the context so requires. There is no limitation on the amount of contingent convertible preferred securities that BBVA may issue under the contingent convertible preferred securities indenture.

BBVA may, from time to time, without the consent or sanction of the holders of contingent convertible preferred securities of any series: (i) take any action required to issue additional Parity Securities or authorize, create and issue one or more series of Parity Securities ranking equally with the contingent convertible preferred securities of any such series, as to the participation in the profits and/or assets of BBVA, without limit as to the amount; or (ii) take any action required to authorize, create and issue one or more classes or series of shares of BBVA or securities mandatorily convertible into Common Shares of BBVA ranking junior or senior to the contingent convertible preferred securities of any such series, as to the participation in the profits and/or assets of BBVA.

By acquiring a contingent convertible preferred security of any series, each holder and beneficial owner of contingent convertible preferred securities agrees to renounce any rights of seniority or preference that may be conferred upon it (if any) under applicable Spanish law (to the extent permitted under applicable Spanish law) over any holder of such Parity Securities issued by BBVA from time to time.

The contingent convertible preferred securities of any series do not grant the holders of the contingent convertible preferred securities of such series pre-emption rights in respect of any possible future issues of Parity Securities or any other securities by BBVA or any Subsidiary.

## **Substitution of Issuer**

BBVA may, without the consent of holders of any contingent convertible preferred securities of any series outstanding, consolidate or amalgamate with or merge into any other person or persons (whether or not affiliated with BBVA) or sell, convey or transfer or lease its properties and assets as an entirety or substantially as an entirety to any person (whether or not affiliated with BBVA), provided that (a) any person formed by any consolidation, amalgamation or merger, or any transferee or lessee of BBVA’s assets shall expressly assume, by a supplemental indenture in form satisfactory to the trustee, all obligations of BBVA under the contingent convertible preferred securities indenture; (b) immediately after giving effect to such consolidation, amalgamation, merger, conveyance, transfer or lease, no Enforcement Event and no event which, after notice or lapse of time or both, would become an Enforcement Event, shall have occurred and be continuing; (c) BBVA shall have delivered to the trustee an officer’s certificate and an opinion of counsel in such forms as are required in the contingent convertible preferred securities indenture; and (d) immediately prior to such assumption, the successor entity shall have ratings for long-term senior debt assigned by Standard & Poor’s Ratings Services or Moody’s Investors Service, Inc. (or their respective successors) which are the same as, or higher than, the credit rating for long-term senior debt of BBVA (or, if applicable, the previous successor entity) assigned by Standard & Poor’s Ratings Services or Moody’s Investors Service, Inc. (or their respective successors).

In addition, any holding company of BBVA or any wholly-owned subsidiary of BBVA may without the consent of the holders of the contingent convertible preferred securities of any series, assume the obligations of BBVA (or of any person which shall have previously assumed the obligations of BBVA) under the contingent convertible preferred securities of such series, provided that (a) the successor entity shall expressly assume such obligations by an amendment to the contingent convertible preferred securities indenture in form satisfactory to the trustee; (b) immediately after giving effect to such assumption of obligations, no Enforcement Event and no event which, after notice or lapse of time or both, would become an Enforcement Event, shall have occurred and be continuing; and (c) BBVA shall have delivered to the trustee an officer’s certificate and an opinion of counsel in such forms as are required in the contingent convertible preferred securities indenture.

Following any of the events described in the preceding two paragraphs, BBVA will be released from all its obligations under the applicable contingent convertible preferred securities and contingent convertible preferred



securities indenture and any supplemental indentures. In addition, Additional Amounts under the contingent convertible preferred securities of the relevant series will be payable in respect of taxes imposed by the jurisdiction of incorporation or tax residence of the successor entity (subject to exceptions equivalent to those that apply to the obligation to pay Additional Amounts for taxes imposed in Spain) rather than taxes imposed by Spain. In addition, the successor entity will also be entitled to redeem the contingent convertible preferred securities in the circumstances described above under the section “—Redemption Due to a Tax Event”, except that if such successor entity is not incorporated or tax resident in Spain (a) references to Spain in the definition of “Tax Event” shall be deemed to refer to the successor entity’s jurisdiction of incorporation or tax residence, and (b) the change in, or amendment to, the laws or regulations of such jurisdiction of incorporation or tax residence or of any political subdivision thereof or any authority or agency therein or thereof having power to tax, or the change in the application or binding official interpretation or administration of any such laws or regulations giving rise to a Tax Event shall become effective subsequent to the date of the relevant merger, consolidation, amalgamation, conveyance, transfer, lease or assumption, as the case may be.

*An assumption of the obligations of BBVA under any series of contingent convertible preferred securities might be considered for U.S. federal income tax purposes to be an exchange by the holders of the contingent convertible preferred securities of such series for new contingent convertible preferred securities, resulting in recognition of taxable gain or loss for these purposes and possible other adverse tax consequences for such holders. Holders should consult their tax advisors regarding the U.S. federal, state and local income tax consequences of an assumption.*

### **Governing Law**

The contingent convertible preferred securities of any series, the contingent convertible preferred securities indenture and any supplemental indentures (except as set forth herein and therein) will be governed by and construed in accordance with the laws of the State of New York applicable to agreements made or instruments entered into and, in each case, performed in said state, except that the authorization and execution by BBVA of the contingent convertible preferred securities indenture, the authorization, issuance and execution by BBVA of the contingent convertible preferred securities and the contingent convertible preferred securities indenture related to the subordination of the contingent convertible preferred securities shall be governed by and construed in accordance with the laws of Spain.

### **Waiver of Right of Set-off**

Subject to applicable law, neither any holder or beneficial owner of the contingent convertible preferred securities of any series nor the trustee acting on behalf of the holders of the contingent convertible preferred securities of such series may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by BBVA in respect of, or arising under, or in connection with, the contingent convertible preferred securities of such series or the contingent convertible preferred securities indenture and each holder and beneficial owner of the contingent convertible preferred securities of such series, by virtue of its holding of any contingent convertible preferred securities of such series or any interest therein, and the trustee acting on behalf of the holders of the contingent convertible preferred securities of such series, shall be deemed to have waived all such rights of set-off, compensation or retention. If, notwithstanding the above, any amounts due and payable to any holder or beneficial owner of a contingent convertible preferred security of any series or any interest therein by BBVA in respect of, or arising under, the contingent convertible preferred securities of such series are discharged by set-off, such holder or beneficial owner shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to BBVA (or, if a Liquidation Event shall have occurred, the liquidator or administrator of BBVA, as the case may be) and, until such time as payment is made, shall hold an amount equal to such amount in trust (where possible) or otherwise for BBVA (or the liquidator or administrator of BBVA, as the case may be) and, accordingly, any such discharge shall be deemed not to have taken place.

### **Trustee and Agents**

Unless stated otherwise in the relevant prospectus supplement, the trustee for the contingent convertible preferred securities of any series will be The Bank of New York Mellon acting (except for its role as contingent convertible preferred security registrar) through its London Branch. The trustee makes no representations, and shall not be liable with respect to, the information set forth in the registration statement of which this prospectus is a part.

Unless stated otherwise in the relevant prospectus supplement, The Bank of New York Mellon acting through its London Branch will initially act as Principal Paying Agent for the contingent convertible preferred securities of any series. BBVA may appoint additional or successor agents (together, the “**Agents**”).

BBVA will procure that there will be, at all times at which contingent convertible preferred securities of any series are outstanding, a Principal Paying Agent and a Calculation Agent. BBVA may change the Principal

Paying Agent and Calculation Agent without prior notice to the holders of the contingent convertible preferred securities of any series. Furthermore, BBVA is entitled to terminate the appointment of any Agent. In the event of such termination or such Agent being unable or unwilling to continue to act as Agent in the relevant capacity, BBVA will appoint another agent in accordance with the provisions of the contingent convertible preferred securities indenture.

#### **Agreement and Acknowledgment with Respect to the Exercise of the Spanish Bail-in Power**

Notwithstanding any other term of the contingent convertible preferred securities of any series, the contingent convertible preferred securities indenture or any other agreements, arrangements, or understandings between BBVA and any holder of the contingent convertible preferred securities of any series, by its acquisition of the contingent convertible preferred securities of any series, each holder (which, for the purposes of this section, includes each holder of a beneficial interest in the contingent convertible preferred securities of any series) acknowledges, accepts, consents to and agrees to be bound by: (i) the exercise and effect of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority, which may be imposed with or without any prior notice with respect to the contingent convertible preferred securities of any series, and may include and result in any of the following, or some combination thereof: (A) the reduction or cancellation of all, or a portion, of the Amounts Due on the contingent convertible preferred securities of any series; (B) the conversion of all, or a portion, of the Amounts Due on the contingent convertible preferred securities of any series into shares, other securities or other obligations of BBVA or another person (and the issue to or conferral on the holder of any such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the contingent convertible preferred securities; (C) the cancellation of the contingent convertible preferred securities of any series; (D) the amendment or alteration of the maturity, if any, of the contingent convertible preferred securities of any series or amendment of the Liquidation Preference or Distributions payable on the contingent convertible preferred securities of any series, or the date on which Distributions become payable, including by suspending payment for a temporary period; and (ii) the variation of the terms of the contingent convertible preferred securities of any series or the rights of the holders thereunder or under the contingent convertible preferred securities indenture, if necessary, to give effect to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority.

By its acquisition of the contingent convertible preferred securities of any series, each holder acknowledges and agrees that neither a reduction or cancellation, in part or in full, of the Amounts Due on the contingent convertible preferred securities of any series or the conversion thereof into another security or obligation of BBVA or another person, in each case as a result of the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority with respect to BBVA, nor the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority with respect to the contingent convertible preferred securities of a series shall: (i) give rise to a default or event of default for purposes of Section 315(b) (Notice of Defaults) and Section 315(c) (Duties of the Trustee in Case of Default) of the Trust Indenture Act; or (ii) be a default or an Enforcement Event with respect to the contingent convertible preferred securities or under the contingent convertible preferred securities indenture. By its acquisition of the contingent convertible preferred securities of any series, each holder further acknowledges and agrees that no repayment or payment of Amounts Due on the contingent convertible preferred securities of any series shall become due and payable or be paid after the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority if, and to the extent that, such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise.

By its acquisition of the contingent convertible preferred securities of any series, each holder, to the extent permitted by the Trust Indenture Act, waives any and all claims, in law and/or in equity, against the trustee for, agrees not to initiate a suit against the trustee in respect of, and agrees that the trustee shall not be liable for, any action that the trustee takes, or abstains from taking, in either case in accordance with the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority with respect to the contingent convertible preferred securities of such series. Additionally, by its acquisition of the contingent convertible preferred securities of any series, each holder acknowledges and agrees that, upon the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority with respect to the contingent convertible preferred securities of such series: (i) the trustee shall not be required to take any further directions from the holders with respect to any portion of the contingent convertible preferred securities of such series that is written down, converted to equity and/or cancelled under the provision of the contingent convertible preferred securities indenture which authorizes holders of a majority in aggregate outstanding Liquidation Preference of the contingent convertible preferred securities of a series to direct certain actions relating to the contingent convertible preferred securities of such series; and (ii) the contingent convertible preferred securities indenture shall not impose any duties upon the trustee whatsoever with respect to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority; provided, however, that notwithstanding the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority with respect to the contingent convertible preferred securities of a series, so long as any contingent convertible preferred securities of such series remain outstanding, there shall at all times be a trustee for the contingent convertible preferred securities of such series in accordance with the contingent convertible preferred securities indenture, and the resignation and/or removal of the trustee and the appointment

of a successor trustee shall continue to be governed by the contingent convertible preferred securities indenture, including to the extent no additional supplemental indenture or amendment is agreed upon in the event the contingent convertible preferred securities of such series remain outstanding following the completion of the exercise of the Spanish Bail-in Power.

By its acquisition of the contingent convertible preferred securities of any series, each holder shall be deemed to have authorized, directed and requested the relevant depository, Clearing Systems and any direct participant in any relevant Clearing System or other intermediary through which it holds such contingent convertible preferred securities to take any and all necessary action, if required, to implement the exercise of the Spanish Bail-in Power with respect to the contingent convertible preferred securities as it may be imposed, without any further action or direction on the part of such holder.

Upon the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority with respect to the contingent convertible preferred securities of any series, BBVA or the Relevant Spanish Resolution Authority (as the case may be) shall provide a written notice to the relevant depository as soon as practicable regarding such exercise of the Spanish Bail-in Power for purposes of notifying the holders of such contingent convertible preferred securities. BBVA shall also deliver a copy of such notice to the trustee for information purposes.

If BBVA has elected to redeem the contingent convertible preferred securities of any series but, prior to the payment of the Redemption Price to holders, the Relevant Spanish Resolution Authority exercises its Spanish Bail-in Power with respect to such series of contingent convertible preferred securities, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect, there shall be no redemption and consequently no payment of the Redemption Price (and any other amounts payable under the contingent convertible preferred securities indenture) will be due and payable.

By its acquisition of the contingent convertible preferred securities of any series, each holder acknowledges, accepts, consents to and agrees to be bound by (i) the exercise and effect of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority, which may be imposed with or without any prior notice, with respect to any Common Shares that may be delivered to it upon the Conversion (if any) of the contingent convertible preferred securities of any series, and (ii) the variation of the terms of such Common Shares to give effect to the exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority.

## **Enforcement Events and Remedies**

There are no events of default under any series of contingent convertible preferred securities. In addition, under the terms of the contingent convertible preferred securities indenture none of the following will be an Enforcement Event or give rise to a default for the purposes of Section 315(b) (Notice of Defaults) and Section 315(c) (Duties of the Trustee in Case of Default) of the Trust Indenture Act: (i) the cancellation or the deemed cancellation of any Distribution (in each case, in whole or in part) or the failure by BBVA to provide notice of any such cancellation or deemed cancellation, (ii) a Trigger Event or the failure by BBVA to provide notice of any such Trigger Event, (iii) a Capital Reduction or the failure by BBVA to provide notice of any such Capital Reduction, and (iv) the exercise of the Spanish Bail-in Power, the exercise of any other resolution tool by the Relevant Spanish Resolution Authority or any action in compliance therewith.

### ***Enforcement Events***

Each of the following events described in clauses (i) and (ii) is an “Enforcement Event” with respect to the contingent convertible preferred securities of any series:

(i) the breach of any term, obligation or condition binding on BBVA under the contingent convertible preferred securities of such series (other than any of BBVA’s payment obligations under or arising from the contingent convertible preferred securities of such series, including payment of any Liquidation Preference (and premium, if any), Distributions or Additional Amounts (including upon a Capital Reduction), payment of the Redemption Price or payment of any damages awarded for breach of any obligations) (a “Performance Obligation”); or

(ii) the occurrence of a Liquidation Event.

Neither the exercise of the Spanish Bail-in Power nor the exercise of any other resolution tool by the Relevant Spanish Resolution Authority or any action in compliance therewith shall constitute an Enforcement Event or other default under the terms of the contingent convertible preferred securities or the contingent convertible preferred securities indenture.

### ***Remedies***

The sole remedies of the holders of the contingent convertible preferred securities of a series and the trustee under the contingent convertible preferred securities of such series or the contingent convertible preferred securities indenture upon the occurrence of an Enforcement Event shall be (1) with respect to the first Enforcement Event listed above, to seek enforcement of the relevant Performance Obligation, and (2) with respect to the second Enforcement Event listed above, to enforce the entitlement set forth under “—Liquidation Distribution”.

For the avoidance of doubt, the breach by BBVA of any Performance Obligation shall not give the trustee and/or the holders of the contingent convertible preferred securities of any series a claim for damages, and, in such circumstances, the sole and exclusive remedy that the trustee and/or the holders of the contingent convertible preferred securities of such series may seek under the contingent convertible preferred securities of such series and the contingent convertible preferred securities indenture is specific performance under New York law. By its acquisition of the contingent convertible preferred securities of any series, each holder and beneficial owner of the contingent convertible preferred securities of such series will acknowledge and agree that such holder and beneficial owner will not seek, and will not direct the trustee to seek, a claim for damages against BBVA in respect of a breach by BBVA of a Performance Obligation and that the sole and exclusive remedy that such holder, beneficial owner and the trustee may seek under the contingent convertible preferred securities of such series and the contingent convertible preferred securities indenture for a breach by BBVA of a Performance Obligation is specific performance.

### ***No Other Remedies***

Other than the limited remedies specified above, no remedy against BBVA shall be available to the trustee (acting on behalf of the holders of the contingent convertible preferred securities of any series) or to the holders of the contingent convertible preferred securities of any series, whether for the recovery of amounts owing in respect of such contingent convertible preferred securities or under the contingent convertible preferred securities indenture, or in respect of any breach by BBVA of any of BBVA’s obligations under or in respect of the terms of such contingent convertible preferred securities or under the contingent convertible preferred securities indenture in relation thereto.

Notwithstanding the limitations set forth in this section, (1) the trustee shall have such powers as are required to be authorized to it under the Trust Indenture Act in respect of the rights of the holders under the provisions of the contingent convertible preferred securities indenture and (2) nothing shall impair the rights of a holder of the contingent convertible preferred securities under the Trust Indenture Act, absent such holder’s consent, to sue for any payment due but unpaid with respect to the contingent convertible preferred securities, provided that, in the case of (1) and (2), any payments in respect of, or arising from, the contingent convertible preferred securities of such series including any payments or amounts resulting or arising from the enforcement of any rights under the Trust Indenture Act in respect of the contingent convertible preferred securities shall be subject to the subordination provisions of the contingent convertible preferred securities indenture. For the avoidance of doubt, such limitations shall not apply to BBVA’s obligations to pay the fees and expenses of, and to indemnify, the trustee.

### ***Trustee’s Duties***

If an Enforcement Event has occurred and is continuing, the trustee shall exercise such of the rights and powers vested in it by the contingent convertible preferred securities indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. Holders of not less than a majority in aggregate Liquidation Preference of the outstanding contingent convertible preferred securities of any series may on behalf of the holders of all contingent convertible preferred securities of such series waive any past Enforcement Event that results from a breach by BBVA of a Performance Obligation. Holders of a majority of the aggregate Liquidation Preference of the outstanding contingent convertible preferred securities of any series may not waive any past Enforcement Event that results from a Liquidation Event or any Enforcement Event in respect of a covenant or provision of the contingent convertible preferred securities indenture which cannot be modified or amended without the consent of the holder of each outstanding contingent convertible preferred security of such series affected.

The holders of a majority in aggregate Liquidation Preference of the outstanding contingent convertible preferred securities of any series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee with respect to the contingent convertible preferred securities of such series. However, this direction (a) must not be in conflict with any rule of law, the contingent convertible preferred securities indenture or the contingent convertible preferred securities of any series and (b) the trustee shall not determine that the action so directed would be unjustly prejudicial to the holders of any contingent convertible preferred securities of any series not taking part in the direction. The trustee may also take any other action, not inconsistent with such direction, that it deems proper.



## **Limitation on Suits**

No holder or beneficial owner of contingent convertible preferred securities shall have any right to institute any proceeding, judicial or otherwise, with respect to such contingent convertible preferred securities, the contingent convertible preferred securities indenture, or for the appointment of a receiver or trustee, or for any other remedy, except as described below.

Before a holder of the contingent convertible preferred securities may bypass the trustee and bring its own lawsuit or other formal legal action or take other steps to enforce its rights or protect its interests relating to the contingent convertible securities, the following must occur:

- the holder must have given the trustee written notice that a continuing Enforcement Event has occurred and remains uncured;
- the holders of not less than 25% in aggregate Liquidation Preference of the outstanding contingent convertible preferred securities of the relevant series must have made a written request to the trustee to institute proceedings in respect of the Enforcement Event in its own name, as trustee;
- such holder has offered to the trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;
- the trustee must have failed to institute any proceeding for 60 days after receipt of the above notice, request and offer of indemnity, and
- the trustee must not have received an inconsistent direction from the majority in Liquidation Preference of all outstanding contingent convertible preferred securities of the relevant series during such 60-day period,

it being understood and intended that no one or more holders of contingent convertible preferred securities of a particular series shall have any right in any manner whatever by virtue of, or by availing of, any provision of the contingent convertible preferred securities indenture or any contingent convertible preferred security to affect, disturb or prejudice the rights of any other such holder or holders of any contingent convertible preferred security, or to obtain or to seek to obtain priority or preference over any other such holder or holders or to enforce any right under the contingent convertible preferred securities indenture, except in the manner herein provided and for the equal and ratable benefit of all holders of contingent convertible preferred securities of such series or holders of any other contingent convertible preferred security.

## **Notices**

All notices to holders of registered contingent convertible preferred securities shall be validly given if in writing and mailed, first-class postage prepaid, to them at their respective addresses in the register maintained by the trustee, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. Notwithstanding the foregoing, any notice given to the holder of a global security shall be sufficiently given if such notice is given in accordance with the applicable procedures of the relevant depository.

Any request, demand, authorization, direction, notice, consent, waiver or record of an act of holders or other document provided or permitted by the contingent convertible preferred securities indenture to be made upon, given or furnished to, or filed with, the trustee by any holder, or any request, demand, authorization, direction, notice, consent or waiver by BBVA, shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the trustee at its corporate trust office.

## **No Obligations to Beneficial Owners**

None of BBVA, the trustee, any Paying Agent or the contingent convertible preferred security registrar shall have any responsibility or obligation to any beneficial owner in a global security, any agent member (including, for purposes of this section, any participant in the depository) or other person with respect to the accuracy of the records of the depository or its nominee or of any agent member, with respect to any ownership interest in the contingent convertible preferred securities or with respect to the delivery to any agent member, beneficial owner or other person (other than the depository) of any notice (including any notice of redemption) or the payment of any amount, under or with respect to such contingent convertible preferred securities. All notices and communications to be given to the holders and all payments to be made to holders under the contingent convertible preferred securities and the contingent convertible preferred securities indenture shall be given or made only to or upon the order of the holders (which shall be the depository or its nominee in the case of the global security). The rights of beneficial owners in the global security shall be exercised only through the depository subject to the applicable procedures. BBVA, the trustee, each Paying Agent and the contingent convertible preferred security registrar shall be entitled to rely and shall be fully protected in relying upon



information furnished by the depository with respect to its members and any beneficial owners. BBVA, the trustee, each Paying Agent and the contingent convertible preferred security registrar shall be entitled to deal with the depository, and any nominee thereof, that is the registered holder of any global security for all purposes of the contingent convertible preferred securities indenture relating to such global security (including the payment of Liquidation Preference and Distributions and Additional Amounts, if any, and the giving of instructions or directions by or to the owner or holder of a beneficial ownership interest in such global security) as the sole holder of such global security and shall have no obligations to the beneficial owners thereof. None of BBVA, the trustee, any Paying Agent or the contingent convertible preferred security registrar shall have any responsibility or liability for any acts or omissions of the depository with respect to such global security, for the records of any such depository, including records in respect of beneficial ownership interests in respect of any such global security, for any transactions between the depository and any agent member or between or among the depository, any such agent member and/or any holder or owner of a beneficial interest in such global security, or for any transfers of beneficial interests in any such global security.

Notwithstanding the foregoing, with respect to any global security, nothing herein shall prevent BBVA, the trustee, or any agent of BBVA or the trustee from giving effect to any written certification, proxy or other authorization furnished by any depository (or its nominee), as a holder, with respect to such global security or shall impair, as between such depository and owners of beneficial interests in such global security, the operation of customary practices governing the exercise of the rights of such depository (or its nominee) as holder of such global security.

### **Subsequent Holders' Agreement**

Holders and beneficial owners of any contingent convertible preferred securities of any series that acquire the contingent convertible preferred securities of such series or beneficial interests therein in the secondary market shall be deemed to acknowledge and agree to be bound by and consent to the same provisions specified herein and in the contingent convertible preferred securities to the same extent as the holders and beneficial owners of the contingent convertible preferred securities of such series that acquire the contingent convertible preferred securities of such series upon their initial issuance, including, without limitation, with respect to the acknowledgment and agreement to be bound by and consent to the terms of the contingent convertible preferred securities of such series, including, without limitation, in relation to Distribution cancellation, the Conversion, the Spanish Bail-in Power (see “—Agreement and Acknowledgment with Respect to the Exercise of the Spanish Bail-in Power”) and the limitations on remedies specified in “—Enforcement Events and Remedies” above.

### **The Trustee**

The Bank of New York Mellon acting (except with respect to its role as contingent convertible preferred security registrar) through its London Branch, One Canada Square, London E14 5AL, is the trustee under the indenture with respect to the contingent convertible preferred securities. The trustee shall have and be subject to all the duties and responsibilities specified with respect to an indenture trustee under the Trust Indenture Act. Subject to the provisions of the Trust Indenture Act, the trustee is under no obligation to exercise any of the powers vested in it by the contingent convertible preferred securities indenture at the request of any holder of contingent convertible preferred securities, unless offered indemnity satisfactory to the trustee in its sole discretion by the holder against the costs, expense and liabilities which might be incurred thereby. BBVA and certain of its subsidiaries may maintain deposit accounts and conduct other banking transactions with The Bank of New York Mellon in the ordinary course of its business. The Bank of New York Mellon is also the book-entry depository and Principal Paying Agent with respect to BBVA's contingent convertible preferred securities. The Bank of New York Mellon is the depository with respect to the American Depositary Shares representing certain of BBVA's preference shares and BBVA's ordinary shares.

### **Consent to Service of Process**

Under the contingent convertible preferred securities indenture, BBVA irrevocably designates BBVA, S.A., New York Branch, as its authorized agent for service of process in any legal action or proceeding arising out of or relating to the contingent convertible preferred securities indenture or any supplemental indentures or any contingent convertible preferred securities brought in any federal or state court in The City of New York, New York and we irrevocably submit to the jurisdiction of those courts.

## SPANISH TAX CONSIDERATIONS

*The following is a summary of the material Spanish tax consequences of the acquisition, ownership and disposition of ordinary shares, ADSs, senior notes, senior non-preferred notes, subordinated notes and contingent convertible preferred securities. This summary is not a complete analysis or listing of all the possible tax consequences of such transactions and does not address all tax considerations that may be relevant to all categories of potential purchasers, some of whom may be subject to special rules. In particular, this tax section does not address the Spanish tax consequences applicable to “look-through” entities (such as trusts or estates) that may be subject to the tax regime applicable to such non-Spanish entities under the Spanish Non-Resident Income Tax Law or the tax treatment of the notes following any exercise of the Spanish Bail-in Power with respect to such securities.*

*Accordingly, prospective investors should consult their own tax advisors as to the tax consequences of their purchase, ownership and disposition of ordinary shares or ADSs, senior notes, senior non-preferred notes, subordinated notes and contingent convertible preferred securities including the effect of tax laws of any other jurisdiction, based on their particular circumstances.*

This information has been prepared in accordance with the following Spanish tax legislation in force at the date of this prospectus and is subject to amendment in subsequent prospectus supplements:

- (i) of general application, First Additional Provision of Law 10/2014. Consideration has also been given to Royal Decree 1065/2007, of July 27 (“RD 1065/2007”);
- (ii) for individuals resident for tax purposes in Spain which are subject to the Individual Income Tax (“IIT”), Law 35/2006 of November 28, on the IIT and on the Partial Amendment of the Corporate Income Tax Law, the Non-Residents Income Tax Law and the Net Wealth Tax Law, and Royal Decree 439/2007, of March 30 promulgating the IIT Regulations, along with Law 29/1987, of December 18 on Inheritance and Gift Tax;
- (iii) for legal entities resident for tax purposes in Spain which are subject to the Corporate Income Tax (“CIT”), Law 27/2014 of November 27 promulgating the CIT Law, and Royal Decree 634/2015, of July 10 promulgating the CIT Regulations; and
- (iv) for individuals and entities who are not resident for tax purposes in Spain which are subject to Non-Residents Income Tax (“NRIT”), Royal Legislative Decree 5/2004 of March 5 promulgating the Consolidated Text of the NRIT Law and Royal Decree 1776/2004, of July 30 promulgating the NRIT Regulations, along with Law 29/1987, of December 18 on Inheritance and Gift Tax.

As used herein, the following terms have the following meanings:

- (i) The “Treaty” means the Convention between the United States and Spain for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, together with the related Protocol, both signed February 22, 1990.
- (ii) A “U.S. Resident” means a U.S. Holder (as defined below under “U.S. Tax Considerations”) that is a resident of the United States for purposes of the Treaty and entitled to the benefits of the Treaty and whose holding is not effectively connected with a permanent establishment (as defined by the Treaty) in Spain through which such holder carries on or has carried on business or with a fixed base in Spain from which such holder performs or has performed independent personal services.

For purposes of Spanish law and the Treaty, an owner of BBVA ADSs will generally be treated as the owner of the ordinary shares underlying the ADSs. Holders of ordinary shares, or ADSs who are not U.S. Residents should consult their own tax advisors, particularly as to the applicability of any Double Tax Treaty referred to as a “DTT”.

The statements regarding Spanish tax laws set out below are based on interpretations of those laws as in force on the date of this document and are subject to any change in such law that may take effect after such date. Such statements also assume that each obligation in the deposit agreement and any related agreement will be performed in full accordance with their terms.

## Ordinary Shares or ADSs

### *Individuals and Legal Entities with no Tax Residency in Spain*

#### *Non-Resident Income Tax (Impuesto sobre la Renta de no Residentes)*

##### 1. Investors with no Tax Residency in Spain not acting through a permanent establishment in Spain

###### *Taxation of dividends*

Under Spanish law, dividends paid by a Spanish resident company to a non-Spanish resident holder of ordinary shares or ADSs are subject to the Spanish NRIT and therefore a 19% withholding tax is currently applied on the gross amount of dividends.

However, under the Treaty, a U.S. Resident is entitled to the Treaty-reduced rate of 15%, as a general rule, or 10% if the U.S. Resident is a corporation which owns more than 25% of the voting rights of the ordinary shares of BBVA.

In practice, on any dividend payment date, U.S. Residents will be subject to a withholding of 19% of the gross amount of dividends. However, U.S. Residents will be entitled to a refund of the amount withheld in excess of the Treaty-reduced rate, according to the procedure set forth by the Spanish legislation. To benefit from the Treaty reduced rate, a U.S. Resident must provide to BBVA or to the Spanish resident depository, if any, through which its ordinary shares are held, a certificate from the U.S. Internal Revenue Service (“IRS”) on Form 6166 stating that, to its best knowledge, such holder is a U.S. Resident within the meaning of the Treaty. The IRS certificate of residence is valid for a period of one year from the date of issuance. The issuance of Form 6166 by the IRS may be subject to substantial delay.

*Quick Refund Process.* Under the standard procedure agreed to between The Bank of New York Mellon and its Spanish resident depository, unless otherwise indicated in the applicable prospectus supplement, holders of BBVA ADSs claiming tax relief through the “Quick Refund” process must submit their valid IRS certificate of residence by the last day of the month in which the record date for receipt of the relevant dividend occurs.

The IRS certificate of residence will then be provided to the Spanish depository before the fifth day following the end of the month in which the dividend record date occurs. Otherwise, the U.S. Resident may afterwards obtain a refund of the amount withheld in excess of the Treaty-reduced rate, directly from the Spanish tax authorities, following the standard refund procedure established by Spanish regulations. See “—Spanish Refund Procedure” below.

*Spanish Refund Procedure.* According to Spanish regulations on the NRIT, approved by Royal Decree 1776/2004, dated July 30, 2004 (“NRIT Regulations”), a refund for the amount withheld in excess of the Treaty-reduced rate can be obtained from the relevant Spanish tax authorities. To pursue the refund claim, the U.S. Resident is required to file:

- The relevant Spanish tax form (currently, Form 210);
- The IRS certificate of residence (IRS Form 6166 for U.S. Residents); and
- A certificate evidencing Spanish NRIT withheld regarding the dividends, which may generally be obtained from the U.S. resident’s broker.

###### *Taxation of capital gains*

Capital gains realized by U.S. Residents from the disposition of ordinary shares or ADSs will not be taxed in Spain, if (i) the seller has not maintained a direct or indirect holding of at least 25% of the ordinary shares outstanding during the twelve months preceding the disposition of the shares, and (ii) the gain is not obtained through a country or territory defined as a tax haven under applicable Spanish regulations.

Additionally, capital gains derived from the transfer of ordinary shares in an official Spanish secondary stock market by any holder who is resident in a country that has entered into a DTT with Spain containing an exchange of information clause (including the Treaty), will be exempt from taxation in Spain. This exemption is not applicable to capital gains obtained by a U.S. Resident through a country or territory defined as a tax haven under applicable Spanish regulations.

Non Spanish holders must submit a Spanish Tax Form (currently Form 210) within the time periods set out in the applicable Spanish regulations and to pay the corresponding tax or establish an exemption. In particular, where any of the exemptions mentioned above applies, the seller will be obliged to file with the Spanish tax authorities the relevant Spanish tax form (currently, Form 210) together with the certificate of tax residence issued by the tax authorities of the country of residence (IRS Form 6166 for U.S. residents) evidencing its entitlement to the exemption.

## 2. Investors with no Tax Residency in Spain acting through a permanent establishment in Spain

### *Taxation of dividends*

If the ordinary shares form part of the assets of a permanent establishment in Spain of a person or legal entity who is not resident in Spain for tax purposes, the tax rules applicable to income deriving from such ordinary shares are the same as those for legal entities with tax residency in Spain described in “—Legal Entities with Tax Residency in Spain—Corporate Income Tax (Impuesto sobre Sociedades)—Taxation of dividends” below.

Ownership of the ordinary shares by investors who are not resident for tax purposes in Spain will not in itself create the existence of a permanent establishment in Spain.

### *Taxation of capital gains*

If the ordinary shares form part of the assets of a permanent establishment in Spain of a person or legal entity who is not resident in Spain for tax purposes, the tax rules applicable to capital gains derived from such ordinary shares are the same as those for legal entities with tax residency in Spain described in “—Legal Entities with Tax Residency in Spain—Corporate Income Tax (Impuesto sobre Sociedades)—Taxation of capital gains” below.

### *Spanish Wealth Tax (Impuesto sobre el Patrimonio)*

Individuals resident in a country with which Spain has entered into a DTT in relation to Wealth Tax (and the United States and Spain have not entered into such a DTT) would generally not be subject to such tax. Otherwise, non-Spanish resident individuals with properties and rights located in Spain, or that can be exercised within the Spanish territory, in excess of €700,000 would be subject to Wealth Tax at the applicable rates, ranging between 0.2% and 2.5%, without prejudice to any exemption which may apply, on the value of the ordinary shares or ADSs which they hold as at the end of the relevant fiscal year.

Legal entities are not subject to Wealth Tax.

### *Spanish Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)*

Unless otherwise provided under an applicable DTT (and the United States and Spain have not entered into such a DTT), transfers of ordinary shares upon death or by gift to individuals not resident in Spain are subject to Spanish Inheritance and Gift Tax (Law 29/1987), if the ordinary shares or ADSs are located in Spain or the rights attached to such ordinary shares or ADSs are exercisable in Spain, regardless of the residence of the heir or the beneficiary. In this regard, the Spanish tax authorities may argue that all ordinary shares and all ADSs are located in Spain for Spanish tax purposes. If such a view were to prevail, non-resident holders in Spain who inherit or receive a gift of ordinary shares or ADSs would be subject to tax at an effective tax rate that depends on all relevant factors and that ranges between 0% and 81.6% for individuals. Gifts granted to non-Spanish resident corporations will be generally subject to Spanish NRIT as capital gains, subject to the exemptions referred to above under section “—Taxation of Capital Gains”.

## ***Individuals with Tax Residency in Spain***

### *Individual Income Tax (Impuesto sobre la Renta de las Personas Físicas)*

#### *Taxation of dividends*

According to the IIT Law the following, amongst others, must be treated as gross capital income: income received by a Spanish shareholder in the form of dividends, consideration paid for attendance at shareholders' meetings, income from the creation or assignment of rights of use or enjoyment of the shares and any other income received by such shareholder in his condition as shareholder.

Gross capital income is reduced by any administration and custody expenses (but not by those incurred in individualized portfolio management). The net amount is included in the relevant Spanish shareholder's savings taxable base at the applicable rate (currently varying from 19% to 23%).

The payment to Spanish shareholders of dividends or any other distribution will be generally subject to a withholding tax at the then-applicable rate (currently set at 19%). Such withholding tax is creditable from the IIT payable; if the amount of tax withheld is greater than the amount of the net IIT payable, the taxpayer is entitled to a refund of the excess withheld in accordance with the IIT Law.

### *Taxation of capital gains*

Gains or losses recorded by a shareholder subject to IIT as a result of the transfer of ordinary shares qualify for the purposes of the IIT Law as capital gains or losses and are subject to taxation according to the general rules applicable to capital gains. The amount of capital gains or losses is equal to the difference between the shares' acquisition value (plus any fees or taxes incurred) and the transfer value, which is the listed value of the shares as of the transfer date or, if higher, the agreed transfer price, less any fees or taxes incurred.

Capital gains or losses arising from the transfer of shares held by a Spanish shareholder are included in such Spanish savings taxable base at the applicable rate (currently varying from 19% to 23%).

Capital gains arising from the transfer of shares are not subject to withholding tax on account of IIT. Losses arising from the transfer of ordinary shares admitted to trading on certain official stock exchanges will not be treated as capital losses if ordinary shares of the same kind have been acquired during the period between two months before and two months after the date of the transfer which originated the loss. In these cases, the capital losses are included in the taxable base upon the transfer of the remaining ordinary shares by the taxpayer.

### *Net Wealth Tax (Impuesto sobre el Patrimonio)*

Individuals with tax residency in Spain are currently subject to Wealth Tax to the extent that their net worth exceeds €700,000, without prejudice to any exemption which may apply and the laws and regulations in force in each Autonomous Region, at the applicable rates, ranging between 0.2% and 2.5%, on the value of the relevant securities which they hold as at the end of 2019.

### *Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)*

Individuals resident in Spain for tax purposes who acquire ownership or other rights over any relevant securities by inheritance, gift or legacy will be subject to the Spanish Inheritance and Gift Tax in accordance with the applicable Spanish regional and State rules. The effective tax rates currently range between 0% and 81.6%, depending on relevant factors.

### ***Legal Entities with Tax Residency in Spain***

#### *Corporate Income Tax (Impuesto sobre Sociedades)*

##### *Taxation of dividends*

Dividends from BBVA received by corporate Spanish shareholders, less any expenses inherent to holding the ordinary shares, must be included in the CIT taxable base. The general CIT tax rate is 25%.

With respect to shareholders that (i) hold, directly or indirectly, at least 5% in BBVA's stock or incurred a tax acquisition cost higher than €20 million; and (ii) hold such participation for at least one year prior to the relevant distribution date or commit to hold such participation for the time needed to complete such one-year holding period, dividends will be exempt from CIT as a general rule.

If the relevant requirements of this exemption are met with respect to a particular shareholder, and provided that the minimum one year holding period requirement is complied with on the distribution date in respect of the ordinary shares, dividends will not be subject to withholding tax. Otherwise, dividends will be taxed at the applicable CIT tax rate of the taxpayer and a withholding will apply (currently set at 19%). This CIT withholding will be credited against the taxpayer's annual CIT due, and if the amount of tax withheld is greater than the amount of the annual CIT due, the taxpayer will be entitled to a refund of the excess withheld.

##### *Taxation of capital gains*

Gains or losses arising from the sale of ordinary shares by a shareholder that is a Spanish CIT taxpayer must be included in its taxable base. The general CIT tax rate is 25%. Gains arising from the sale of ordinary shares will not be subject to withholding tax on account of CIT.

For CIT payers that (i) hold, directly or indirectly, at least 5% in BBVA's stock or incurred a tax acquisition cost higher than €20 million; and (ii) hold such participation for at least one year prior to the relevant transfer, capital gains will be exempt from CIT as a general rule. Otherwise, capital gains will be taxed at the CIT rate applicable to the relevant taxpayer.



In the case where more than 70% of the company's revenues derive from dividends and capital gains arising from the transfer of shares, the application of the participation exemption is subject to particularly complex restrictions, substantially requiring that the shareholder holds an indirect participation of at least 5% in the share capital of the company's subsidiaries. CIT payers are urged to consult their tax advisors regarding compliance of the requirements for application of the aforesaid participation exemption.

Capital gains deriving from the disposal of ordinary shares will not be subject to withholding tax on account of CIT.

#### *Net Wealth Tax (Impuesto sobre el Patrimonio)*

Legal entities are not subject to Wealth Tax.

#### *Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)*

Legal entities resident in Spain for tax purposes (and NRIT taxpayers acting through a permanent establishment in Spain, as described above) which acquire ownership or other rights over the ordinary shares by inheritance, gift or legacy are not subject to the Spanish Inheritance and Gift Tax.

#### *Spanish Transfer Tax*

Transfers of ordinary shares or ADSs will be exempt from Spanish Transfer Tax or Value Added Tax. Additionally, no Spanish Stamp Duty will be levied on the subscription for, acquisition of or transfer of ordinary shares or ADSs.

#### **BBVA Rights to Subscribe for Ordinary Shares**

The material Spanish tax consequences of the acquisition, ownership and disposition of rights to subscribe for BBVA shares will be described in the applicable prospectus supplement.

#### **Senior Notes, Senior Non-Preferred Notes and Subordinated Notes**

References in this section to holders of senior notes, senior non-preferred notes or subordinated notes, as the case may be (hereinafter, the relevant securities) are to the owners of a beneficial interest in the relevant securities, or beneficial owners, of the relevant securities. The statements regarding Spanish law and practice set forth below assume that the relevant securities will be issued, and transfers thereof will be made, in accordance with the Spanish law.

Whatever the nature and residence of the holders of relevant securities, the acquisition and transfer of the relevant securities will be exempt from indirect taxes in Spain, *i.e.*, exempt from Transfer Tax and Stamp Duty, in accordance with the Consolidated Text of such tax promulgated by Royal Legislative Decree 1/1993, of September 24 and exempt from Value Added Tax, in accordance with Law 37/1992, of December 28 regulating such tax.

#### ***Tax Rules for Senior Notes, Senior Non-Preferred Notes and Subordinated Notes Listed on a Regulated Market, a Multilateral Trading Facility or an Organized Market***

The following summary assumes that the relevant securities will be listed on a Regulated Market, a Multilateral Trading Facility or an Organized Market.

#### *Individuals with Tax Residency in Spain*

##### *Individual Income Tax (Impuesto sobre la Renta de las Personas Físicas)*

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

The above mentioned income will be subject to the corresponding IIT withholding at the applicable tax rate (currently 19%). Under RD 1065/2007, income obtained in respect of the notes will not be subject to withholding tax in Spain, provided certain requirements are met, including that the relevant paying agent provides BBVA, in a timely manner, with certain information. See "—Tax Reporting and Withholding Obligations of the Issuer".

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

*Net Wealth Tax (Impuesto sobre el Patrimonio)*

Individuals with tax residency in Spain are currently subject to Wealth Tax to the extent that their net worth exceeds €700,000, without prejudice to any exemption which may apply and the laws and regulations in force in each Autonomous Region, at the applicable rates, ranging between 0.2% and 2.5%, on the value of the relevant securities which they hold as at the end of the relevant fiscal year.

*Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)*

Individuals resident in Spain for tax purposes who acquire ownership or other rights over any relevant securities by inheritance, gift or legacy will be subject to the Spanish Inheritance and Gift Tax in accordance with the applicable Spanish regional and State rules. The effective tax rates currently range between 0% and 81.6%, depending on relevant factors.

*Legal Entities with Tax Residency in Spain*

*Corporate Income Tax (Impuesto sobre Sociedades)*

Both distributions periodically received and income derived from the transfer, redemption or repayment of the relevant securities are subject to CIT (at the current general tax rate of 25%) in accordance with the rules for this tax.

Pursuant to Section 44.5 of RD 1065/2007, there is no obligation to withhold on income payable to CIT taxpayers (which for the sake of clarity, include Spanish tax resident investment funds and Spanish tax resident pension funds). Consequently, BBVA will not withhold tax on interest payments to Spanish CIT taxpayers or on income derived from the transfer, redemption or repayment of the relevant securities provided that the relevant formalities described in “—Tax Reporting and Withholding Obligations of the Issuer” are complied with.

However, in the case of notes held by a Spanish resident entity and deposited with a Spanish resident entity acting as depository or custodian, payments of interest under the notes or income obtained upon the transfer, redemption or repayment of the notes may be subject to withholding tax at the current rate of 19%. Such withholding will be made by the depository or custodian, if the notes do not comply with the exemption requirements specified in the ruling issued by the Directorate General for Taxation (Dirección General de Tributos) on July 27, 2004, which requires that the relevant securities be placed outside Spain in another OECD country and traded on an organized market in an OECD country.

For information on withholdings on payments of interest on the relevant securities see “—Tax Reporting and Withholding Obligations of the Issuer”.

*Net Wealth Tax (Impuesto sobre el Patrimonio)*

Legal entities are not subject to Wealth Tax.

*Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)*

Legal entities resident in Spain for tax purposes (and NRIT taxpayers acting through a permanent establishment in Spain, as described below) which acquire ownership or other rights over the relevant securities by inheritance, gift or legacy are not subject to the Spanish Inheritance and Gift Tax.

*Individuals and Legal Entities with no Tax Residency in Spain*

*Non-Resident Income Tax (Impuesto sobre la Renta de no Residentes)*

(a) *Investors with no Tax Residency in Spain acting through a permanent establishment in Spain*

If the relevant securities form part of the assets of a permanent establishment in Spain of a person or legal entity who is not resident in Spain for tax purposes, the tax rules applicable to income deriving

from such securities are, generally, the same as those previously set out for Spanish CIT taxpayers. See “—*Legal Entities with Tax Residency in Spain—Corporate Income Tax (Impuesto sobre Sociedades)*”. Ownership of the senior notes, senior non-preferred notes or subordinated notes by investors who are not resident for tax purposes in Spain will not in itself create the existence of a permanent establishment in Spain.

(b) *Investors with no Tax Residency in Spain not acting through a permanent establishment in Spain*

Income obtained by holders who are not tax resident in Spain acting for these purposes without a permanent establishment within Spain is exempt from NRIT, provided certain requirements are met, including that the relevant paying agent provides BBVA, in a timely manner, with certain information. See “—Tax Reporting and Withholding Obligations of the Issuer”.

*Net Wealth Tax (Impuesto sobre el Patrimonio)*

Individuals resident in a country with which Spain has entered into a DTT in relation to Wealth Tax (and the United States and Spain have not entered into such a DTT) would generally not be subject to such tax. Otherwise, non-Spanish resident individuals with properties and rights located in Spain, or that can be exercised within the Spanish territory, in excess of €700,000 would be subject to Wealth Tax at the applicable rates, ranging between 0.2% and 2.5%, without prejudice to any exemption which may apply, on the value of the relevant securities which they hold as at the end of the relevant fiscal year.

As a consequence of the European Court of Justice judgment (Case C-127/12), the Net Wealth Tax Law has been amended by Law 26/2014, of November 27. As a result, non-Spanish tax resident individuals who are residents in the European Union or in the European Economic Area can apply the legislation of the region in which the highest value of the assets and rights of the individuals are located.

*Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)*

Individuals resident in Spain for tax purposes who acquire ownership or other rights over any relevant securities by inheritance, gift or legacy will be subject to the Spanish Inheritance and Gift Tax in accordance with the applicable Spanish regional and State rules. The effective tax rates currently range between 0% and 81.6%, depending on relevant factors.

Individuals not resident in Spain for tax purposes who acquire ownership or other rights over senior notes, senior non-preferred notes or subordinated notes by inheritance, gift or legacy, will be subject to the Spanish Inheritance and Gift Tax in accordance with the applicable Spanish regional and state rules, unless they reside in a country for tax purposes with which Spain has entered into a DTT in relation to Inheritance Tax. In such case, the provisions of the relevant DTT will apply. The United States and Spain have not entered into a DTT in relation to Inheritance Tax.

A judgment from the European Court of Justice dated September 3, 2014 declared that the Spanish Inheritance and Gift Tax is against the principle of free movement of capital within the European Union as Spanish residents are granted tax benefits that, in practice, allow them to pay much lower taxes than non-residents. According to Law 26/2014, of November 27, it will be possible to apply tax benefits approved in some Spanish regions to European Union residents by following certain specific rules.

In addition, in its rulings of February 19, 2018 and March 21 and 22, 2018, the Spanish Supreme Court declared that the ruling of the European Court of Justice referred to above shall also be applicable if the deceased, heir or donee resides outside a Member State of the European Union or the European Economic Area. The General Directorate for Taxation has recently ruled in accordance with these rulings (V3151-18 and V3193-18).

Legal entities resident in Spain for tax purposes (and NRIT taxpayers acting through a permanent establishment in Spain) which acquire ownership or other rights over the relevant securities by inheritance, gift or legacy are not subject to the Spanish Inheritance and Gift Tax.

Non-Spanish resident legal entities which acquire ownership or other rights over the relevant securities by inheritance, gift or legacy are not subject to the Spanish Inheritance and Gift Tax. Such acquisitions will be subject to NRIT (as described above), subject to the provisions of any applicable DTT entered into by Spain. In general, DTTs provide for the taxation of this type of income in the country of residence of the beneficiary.

### *Tax Reporting and Withholding Obligations of the Issuer*

In accordance with Section 44 of RD 1065/2007 (“Section 44”), income obtained from debt securities which are originally listed on an organized market in an OECD country, will be paid free of Spanish withholding tax provided that the relevant paying agent provides BBVA with a statement containing the following information:

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

In accordance with Section 44, the relevant paying agent should provide BBVA with the statement referred to above on the business day immediately prior to the relevant payment of income. If the paying agent fails to deliver such statement on a timely basis, the related payment will be subject to Spanish withholding tax (currently at the general rate of 19%). In such an event, BBVA will pay the relevant holder such additional amounts as may be necessary in order that the net amount received by such holder after such withholding equals the sum of the respective amounts of principal, premium, if any, and interest, if any, which would otherwise have been receivable in respect of the relevant securities in the absence of such withholding, except as otherwise indicated in this prospectus or the relevant prospectus supplement.

### ***Tax Rules for Senior Notes, Senior Non-Preferred Notes and Subordinated Notes not Listed on a Regulated Market, a Multilateral Trading Facility or an Organized Market***

#### *Withholding on Account of IIT, CIT and NRIT*

If the senior notes, senior non-preferred notes or subordinated notes are not listed on a regulated market, a multilateral trading facility or an organized market and originally registered with the entities that manage clearing systems located outside Spain recognized by Spanish law or by the law of another OECD country, interest payments to beneficial owners in respect of such securities will be subject to withholding tax, currently at a rate of 19%, except if an exemption from Spanish tax or a reduced withholding tax rate is provided by an applicable convention for the avoidance of double taxation entered into between Spain and the country of residence of the relevant beneficial owner. The treaty generally provides for a withholding rate of 10% for U.S. Residents.

#### *Net Wealth Tax (Impuesto sobre el Patrimonio)*

Individuals with tax residency in Spain are currently subject to Wealth Tax to the extent that their net worth exceeds €700,000, without prejudice to any exemption which may apply and the laws and regulations in force in each Autonomous Region, at the applicable rates, ranging between 0.2% and 2.5%, on the value of the relevant securities which they hold as at the end of the relevant fiscal year.

Individuals resident in a country with which Spain has entered into a DTT in relation to Wealth Tax (and the United States and Spain have not entered into such a DTT) would generally not be subject to such tax. Otherwise, non-Spanish resident individuals with properties and rights located in Spain, or that can be exercised within the Spanish territory, in excess of €700,000 would be subject to Wealth Tax at the applicable rates, ranging between 0.2% and 2.5%, without prejudice to any exemption which may apply, on the value of the relevant securities which they hold as at the end of the relevant fiscal year.

As a consequence of the European Court of Justice judgment (Case C-127/12), the Net Wealth Tax Law has been amended by Law 26/2014, of November 27. As a result, non-Spanish tax resident individuals who are residents in the European Union or in the European Economic Area can apply the legislation of the region in which the highest value of the assets and rights of the individuals are located.

#### *Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)*

Individuals resident in Spain for tax purposes who acquire ownership or other rights over any relevant securities by inheritance, gift or legacy will be subject to the Spanish Inheritance and Gift Tax in accordance with the applicable Spanish regional and State rules. The effective tax rates currently range between 0% and 81.6%, depending on relevant factors.

Individuals not resident in Spain for tax purposes who acquire ownership or other rights over senior notes, senior non-preferred notes or subordinated notes by inheritance, gift or legacy, will be subject to the Spanish Inheritance and Gift Tax in accordance with the applicable Spanish regional and state rules, unless they reside in a country for tax purposes with which Spain has entered into a DTT in relation to Inheritance Tax. In such case, the provisions of the relevant DTT will apply. The United States and Spain have not entered into a DTT in relation to Inheritance Tax.

However, a judgment from the European Court of Justice dated September 3, 2014 declared that the Spanish Inheritance and Gift Tax is against the principle of free movement of capital within the European Union as Spanish residents are granted tax benefits that, in practice, allow them to pay much lower taxes than non-residents. According to Law 26/2014, of November 27, it will be possible to apply tax benefits approved in some Spanish regions to European Union residents by following certain specific rules.

In addition, in its rulings of February 19, 2018 and March 21 and 22, 2018, the Spanish Supreme Court declared that the ruling of the European Court of Justice referred to above shall also be applicable if the deceased, heir or donee resides outside a Member State of the European Union or the European Economic Area. The General Directorate for Taxation has recently ruled in accordance with these rulings (V3151-18 and V3193-18).

Legal entities resident in Spain for tax purposes (and NRIT taxpayers acting through a permanent establishment in Spain) which acquire ownership or other rights over the relevant securities by inheritance, gift or legacy are not subject to the Spanish Inheritance and Gift Tax.

Non-Spanish resident legal entities which acquire ownership or other rights over the relevant securities by inheritance, gift or legacy are not subject to the Spanish Inheritance and Gift Tax. Such acquisitions will be subject to NRIT (as described above), subject to the provisions of any applicable DTT entered into by Spain. In general, DTTs provide for the taxation of this type of income in the country of residence of the beneficiary.

## **Contingent Convertible Preferred Securities and Ordinary Shares**

### ***Acquisition of the Contingent Convertible Preferred Securities and Ordinary Shares***

The issue of, subscription for, transfer and acquisition of the contingent convertible preferred securities and ordinary shares is exempt from Transfer Tax and Stamp Duty and Value Added Tax.

### ***Contingent Convertible Preferred Securities***

#### ***Individuals with Tax Residency in Spain***

##### ***Individual Income Tax (Impuesto sobre la Renta de las Personas Físicas)***

Income obtained by holders who are IIT taxpayers, both as interest and income obtained in connection with the transfer, redemption or repayment of the contingent convertible preferred securities, shall be considered income on investments obtained from the assignment of an individual's capital to third parties, as defined in Section 25.2 of IIT Law, and therefore will be taxed as savings income at the applicable rate (currently varying from 19% to 23%).

The above mentioned income will be subject to the corresponding IIT withholding at the applicable tax rate (currently 19%). Under RD 1065/2007, income obtained in respect of the contingent convertible preferred securities will not be subject to withholding tax in Spain, provided certain requirements are met, including that the relevant paying agent provides BBVA, in a timely manner, with certain information (see “—Tax Reporting and Withholding Obligations of the Issuer”).

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

##### ***Net Wealth Tax (Impuesto sobre el Patrimonio)***

Individuals with tax residency in Spain are currently subject to Wealth Tax to the extent that their net worth exceeds €700,000, without prejudice to any exemption which may apply and the laws and regulations in force in each Autonomous Region, at the applicable rates, ranging between 0.2% and 2.5%, on the value of the relevant securities which they hold as at the end of 2019.



### *Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)*

Individuals resident in Spain for tax purposes who acquire ownership or other rights over any relevant securities by inheritance, gift or legacy will be subject to the Spanish Inheritance and Gift Tax in accordance with the applicable Spanish regional and State rules. The effective tax rates currently range between 0% and 81.6%, depending on relevant factors.

### *Legal Entities with Tax Residency in Spain*

#### *Corporate Income Tax (Impuesto sobre Sociedades)*

Both Distributions periodically received and income derived from the transfer, redemption or repayment of the contingent convertible preferred securities are subject to CIT (at the current general tax rate of 25%) in accordance with the rules for this tax.

Pursuant to Section 44.5 of RD 1065/2007, there is no obligation to withhold on income payable to CIT taxpayers (which for the sake of clarity, include Spanish tax resident investment funds and Spanish tax resident pension funds). Consequently, BBVA will not withhold tax on interest payments to Spanish CIT taxpayers or on income derived from the transfer, redemption or repayment of the relevant securities provided that the relevant formalities described in “—Tax Reporting and Withholding Obligations of the Issuer” are complied with.

However, in the case of securities held by a Spanish resident entity and deposited with a Spanish resident entity acting as depository or custodian, payments of interest under the contingent convertible preferred securities or income derived from the transfer, redemption or repayment of the contingent convertible preferred securities may be subject to withholding tax at the current rate of 19%. Such withholding will be made by the depository or custodian, if the contingent convertible preferred securities do not comply with the exemption requirements specified in the ruling issued by the Directorate General for Taxation (Dirección General de Tributos) on July 27, 2004, which requires that the relevant securities be placed outside Spain in another OECD country and traded on an organized market in an OECD country.

For information on withholdings on Distribution payments on the relevant securities see “—Tax Reporting and Withholding Obligations of the Issuer”.

#### *Net Wealth Tax (Impuesto sobre el Patrimonio)*

Legal entities are not subject to Wealth Tax.

### *Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)*

Legal entities resident in Spain for tax purposes (and NRIT taxpayers acting through a permanent establishment in Spain, as described below) which acquire ownership or other rights over the relevant securities by inheritance, gift or legacy are not subject to the Spanish Inheritance and Gift Tax.

### *Individuals and Legal Entities with no Tax Residency in Spain*

#### *Non-Resident Income Tax (Impuesto sobre la Renta de no Residentes)*

##### (a) *Investors with no Tax Residency in Spain acting through a permanent establishment in Spain*

If the contingent convertible preferred securities form part of the assets of a permanent establishment in Spain of a person or legal entity who is not resident in Spain for tax purposes, the tax rules applicable to income deriving from such securities are, generally, the same as those previously set out for Spanish CIT taxpayers. See “2. *Contingent convertible preferred securities—2(b) Legal Entities with Tax Residency in Spain—Corporate Income Tax (Impuesto sobre Sociedades)*”. Ownership of the contingent convertible preferred securities by investors who are not resident for tax purposes in Spain will not in itself create the existence of a permanent establishment in Spain.

##### (b) *Investors with no Tax Residency in Spain not acting through a permanent establishment in Spain*

Income obtained by holders who are not tax resident in Spain acting for these purposes without a permanent establishment within Spain is exempt from NRIT, provided certain requirements are met, including that the relevant paying agent provides BBVA, in a timely manner, with certain information (see “—Tax Reporting and Withholding Obligations of the Issuer”).

### *Wealth Tax*

Individuals resident in a country with which Spain has entered into a DTT in relation to Wealth Tax would generally not be subject to such tax (Spain and the United States have not entered into such DTT). Otherwise, non-Spanish resident individuals whose properties and rights are located in Spain, or that can be exercised within the Spanish territory, exceed €700,000 would be subject to Wealth Tax at the applicable rates, ranging between 0.2% and 2.5%, without prejudice to any exemption or reductions which may apply. Therefore, such individuals should take into account the value of the contingent convertible preferred securities which they hold as at the end of 2019.

Legal entities are not subject to Wealth Tax.

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

### *Inheritance and Gift Tax*

The transfer of the contingent convertible preferred securities to individuals by inheritance, legacy or donation shall be subject to the general rules of Inheritance and Gift Tax in accordance with the applicable Spanish and State rules even if title passes outside Spain and neither the heir nor the beneficiary, as the case may be, is resident in Spain for tax purposes, without prejudice to the provisions of any DTT signed by Spain. The United States and Spain have not entered into a DTT in relation to Inheritance Tax.

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

However, a judgment from the European Court of Justice dated September 3, 2014 declared that the Spanish Inheritance Tax Act is against the principle of free movement of capital within the European Union as Spanish residents are granted tax benefits that, in practice, allow them to pay much lower taxes than non-residents. According to Law 26/2014, of 27th November, it will be possible to apply tax benefits approved in some Spanish regions to residents in the European Union or in the European Economic Area by following certain specific rules.

In addition, in its rulings of February 19, 2018 and March 21 and 22, 2018, the Spanish Supreme Court declared that the ruling of the European Court of Justice referred to above shall also be applicable if the deceased, heir or donee resides outside a Member State of the European Union or the European Economic Area. The General Directorate for Taxation has recently ruled in accordance with these rulings (V3151-18 and V3193-18).

In the event that the beneficiary is an entity other than a natural person, the income obtained shall be subject to NRIT and without prejudice, in the latter event, to the provisions of any DTT that may apply.

### *Tax Reporting and Withholding Obligations of the Issuer*

In accordance with Section 44 of RD 1065/2007, income obtained from debt securities which are originally listed on an organized market in an OECD country, will be paid free of Spanish withholding tax provided that the relevant paying agent provides BBVA with a statement containing the following information:

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

In accordance with Section 44, the relevant paying agent should provide BBVA with the statement referred to above on the business day immediately prior to the relevant payment of income. If the paying agent fails to deliver such statement on a timely basis, the related payment will be subject to Spanish withholding tax (currently at the general rate of 19%). In such an event, BBVA will pay the relevant holder such additional amounts as may be necessary had no such withholding or deduction been required except as otherwise indicated in this prospectus or the relevant prospectus supplement.

### ***Ordinary Shares***

The material Spanish tax consequences of the acquisition, ownership and disposition of ordinary shares into which the contingent convertible preferred securities are convertible upon the occurrence of certain events are described under “—Ordinary Shares or ADSs”.

## U.S. TAX CONSIDERATIONS

The following discussion describes material U.S. federal income tax consequences of the ownership and disposition of BBVA ADSs, ordinary shares, contingent convertible preferred securities, senior notes, senior non-preferred notes and subordinated notes. The material U.S. federal income tax consequences of the acquisition, ownership and disposition of rights to acquire ordinary shares issued by BBVA will be described in the applicable prospectus supplement. This discussion applies only to U.S. Holders described below that hold ordinary shares, ADSs, contingent convertible preferred securities, senior notes, senior non-preferred notes or subordinated notes as capital assets for U.S. federal income tax purposes. Further, this discussion applies only to U.S. Holders that purchase the ordinary shares, ADSs, contingent convertible preferred securities, senior notes, senior non-preferred notes or subordinated notes in their initial offering and in the case of senior notes, senior non-preferred notes or subordinated notes at the “issue price”, which will equal the first price to the public (not including bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at which a substantial amount of the notes of the relevant series is sold for money. This summary does not address all of the tax consequences that may be relevant to a particular investor, including the special tax accounting rules under Section 451(b) of the Internal Revenue Code of 1986, as amended (the “Code”) (which may require U.S. investors to conform the timing of their income accruals to their financial statements), the potential application of the provisions of the Code known as the Medicare Contribution tax, any alternative minimum tax considerations and tax consequences that may apply to persons subject to special rules, such as:

- certain financial institutions;
- insurance companies;
- dealers and certain traders in securities or foreign currencies;
- persons holding ADSs, ordinary shares, contingent convertible preferred securities, senior notes, senior non-preferred notes or subordinated notes as part of a hedge, straddle, constructive sale, conversion transaction or integrated transaction;
- persons whose “functional currency” for U.S. federal income tax purposes is not the U.S. dollar;
- tax-exempt organizations, “individual retirement accounts” or “Roth IRAs”;
- partnerships or other entities classified as partnerships for U.S. federal income tax purposes;
- persons who own or are deemed to own 10% or more of our shares by vote or value; and
- persons holding ADSs, ordinary shares, contingent convertible preferred securities, senior notes, senior non-preferred notes or subordinated notes in connection with a trade or business conducted outside the United States.

This summary does not address the tax treatment of the ADS, ordinary shares, contingent convertible preferred securities, senior notes, senior non-preferred notes or subordinated notes on or following any exercise of the Spanish Bail-in Power with respect to such securities.

A “U.S. Holder” is a person that for U.S. federal income tax purposes is a beneficial owner of ordinary shares, ADSs, contingent convertible preferred securities, senior notes, senior non-preferred notes or subordinated notes, as applicable, is eligible for benefits of the Treaty (as defined in “Spanish Tax Considerations” above) and is:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

If a partnership holds ordinary shares, ADSs, contingent convertible preferred securities, senior notes, senior non-preferred notes or subordinated notes, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. Partnerships holding ordinary shares, ADSs, contingent convertible preferred securities, senior notes, senior non-preferred notes or subordinated notes and partners in such partnerships should consult their tax advisors with regard to the U.S. federal income tax treatment of their investment in such securities.

The summary is based upon the tax laws of the United States including the Code, administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, as well as the

Treaty, all as of the date hereof. These laws are subject to change, possibly with retroactive effect. In addition, in the case of ADSs this summary is based in part on representations of the depositary and assumes that each obligation provided for in or otherwise contemplated by BBVA's deposit agreement or any other related document will be performed in accordance with its terms. Prospective purchasers of the ADSs, ordinary shares, contingent convertible preferred securities, senior notes, senior non-preferred notes or subordinated notes are urged to consult their tax advisors as to the U.S., Spanish or other tax consequences of the purchase, ownership and disposition of such securities in their particular circumstances, including the effect of any U.S. state or local tax laws.

This discussion is subject to any additional discussion regarding U.S. federal income taxation contained in the applicable prospectus supplement. Accordingly, U.S. Holders should also consult the applicable prospectus supplement for any additional discussion regarding U.S. federal income taxation with respect to the specific securities offered thereunder.

Except as specifically described below under “—Passive Foreign Investment Company Rules” this discussion assumes that BBVA is not, and will not become, a passive foreign investment company (“PFIC”) for U.S. federal income tax purposes.

### **BBVA ADSs or Ordinary Shares**

For U.S. federal income tax purposes, U.S. Holders of ADSs will generally be treated as the owners of the underlying ordinary shares represented by those ADSs. Accordingly, no gain or loss will be recognized if a U.S. Holder exchanges ADSs for the underlying ordinary shares represented by those ADSs and vice-versa.

The U.S. Treasury has expressed concerns that parties to whom depositary shares are pre-released or intermediaries in the chain of ownership between U.S. holders and the issuer of the security underlying a depositary share may be taking actions that are inconsistent with the claiming of foreign tax credits for U.S. holders of depositary shares. Such actions would also be inconsistent with the claiming of the reduced rate of tax applicable to dividends received by certain noncorporate U.S. Holders, described below. Accordingly, the creditability of Spanish taxes and the availability of the reduced tax rate for dividends received by certain non-corporate U.S. Holders, described below, could be affected by future actions that may be taken by the parties to whom depositary shares are pre-released or such intermediaries.

### ***Taxation of Distributions***

The amount of any distributions, before reduction for any Spanish income tax withheld by BBVA or its paying agent, paid with respect to ADSs or ordinary shares (other than certain *pro rata* distributions of BBVA's capital stock or rights to subscribe for shares of its capital stock) will be includible in the income of a U.S. Holder as ordinary dividend income, to the extent paid out of BBVA's current or accumulated earnings and profits as determined in accordance with U.S. federal income tax principles. Because BBVA does not maintain calculations of its earnings and profits under U.S. federal income tax principles, it is expected that distributions generally will be reported to U.S. Holders as dividends. The amount of such dividends will be treated as foreign-source dividend income and will not be eligible for the “dividends received deduction” generally allowed to U.S. corporations under the Code. Subject to applicable limitations and the discussion above regarding concerns expressed by the U.S. Treasury, dividends paid to non-corporate U.S. Holders may be taxable at favorable rates applicable to long-term capital gains. Non-corporate U.S. Holders should consult their tax advisors to determine the availability of these favorable rates in their particular circumstances.

The amount of a dividend distribution will equal the U.S. dollar value of the euro received, calculated by reference to the exchange rate in effect on the date such distribution is received (which, for U.S. Holders of ADSs, will be the date such distribution is received by the depositary), whether or not the distribution is in fact converted into U.S. dollars at that time. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder generally should not be required to recognize foreign currency gain or loss in respect of the dividend income. If the dividend is not converted into U.S. dollars on the date of receipt, a U.S. Holder may have foreign currency gain or loss on the conversion date. In general, any foreign currency gain or loss will be U.S.-source ordinary gain or loss.

Subject to applicable limitations that vary depending upon a U.S. Holder's circumstances and subject to the discussion above regarding concerns expressed by the U.S. Treasury, a U.S. Holder will be entitled to a credit against its U.S. federal income tax liability for any non-refundable Spanish NRIT taxes withheld by BBVA or its paying agent at a rate not in excess of the applicable rate under the Treaty. Spanish taxes withheld at a rate in excess of the applicable treaty rate or that are otherwise refundable under Spanish law will not be eligible for



credit against a U.S. Holder U.S. federal income tax liability. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. The rules governing foreign tax credits are complex and, therefore, U.S. Holders should consult their tax advisers regarding the availability of foreign tax credits in their particular circumstances. In lieu of claiming a foreign tax credit, U.S. Holders may elect to deduct all foreign taxes paid or accrued in a taxable year (including any Spanish NRIT withholding tax) in computing their taxable income, subject to generally applicable limitations under U.S. federal income tax law.

### ***Sale and Other Disposition of ADSs or Ordinary Shares***

Gain or loss realized by a U.S. Holder on the sale or exchange of ADSs or ordinary shares will be subject to U.S. federal income tax as capital gain or loss in an amount equal to the difference between the U.S. Holder's tax basis in the ADSs or ordinary shares and the amount realized on the disposition, in each case as determined in U.S. dollars. Such gain or loss will be long-term capital gain or loss if the U.S. Holder has held the ordinary shares or ADSs for more than one year. Gain or loss, if any, will generally be U.S.-source for foreign tax credit purposes. The deductibility of capital losses is subject to limitations.

## **BBVA Contingent Convertible Preferred Securities**

### ***Characterization of the Contingent Convertible Preferred Securities***

BBVA believes that the contingent convertible preferred securities will be treated as equity for U.S. federal income tax purposes and the remainder of this discussion so assumes.

### ***Taxation of Distributions***

Distributions made with respect to contingent convertible preferred securities (including amounts withheld in respect of Spanish taxes, if any, and any additional amounts paid in respect thereto) will be includible in the income of a U.S. Holder as ordinary dividend income, to the extent paid out of BBVA's current or accumulated earnings and profits as determined in accordance with U.S. federal income tax principles. Because BBVA does not maintain calculations of its earnings and profits under U.S. federal income tax principles, it is expected that distributions generally will be reported to U.S. Holders as dividends. The amount of such dividends will be treated as foreign-source dividend income and will not be eligible for the "dividends received deduction" generally allowed to U.S. corporations under the Code. Subject to applicable limitations, dividends paid to non-corporate U.S. Holders may be taxable at the favorable rate applicable to long-term capital gains. Non-corporate U.S. Holders should consult their tax advisors to determine the availability of this favorable rate in their particular circumstances.

The amount of a distribution paid in euro will equal the U.S. dollar value of the euro received, calculated by reference to the exchange rate in effect on the date such distribution is received, whether or not the U.S. Holder in fact converts euro received into U.S. dollars at that time. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder generally should not be required to recognize foreign currency gain or loss in respect of the dividend income. A U.S. Holder may have foreign currency gain or loss if such dividend is not converted into U.S. dollars on the date of its receipt. In general, any foreign currency gain or loss will be U.S.-source ordinary gain or loss.

Subject to applicable limitations that vary depending upon a U.S. Holder's circumstances, a U.S. Holder may be entitled to a credit against its U.S. federal income tax liability for any non-refundable Spanish NRIT taxes withheld by BBVA or its paying agent at a rate not in excess of the applicable rate under the Treaty. Spanish taxes withheld at a rate in excess of the applicable treaty rate or that are otherwise refundable under Spanish law will not be eligible for credit against a U.S. Holder U.S. federal income tax liability. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. The rules governing foreign tax credits are complex and, therefore, U.S. Holders should consult their tax advisers regarding the availability of foreign tax credits in their particular circumstances. In lieu of claiming a foreign tax credit, U.S. Holders may elect to deduct all foreign taxes paid or accrued in a taxable year (including any Spanish NRIT withholding tax) in computing their taxable income, subject to generally applicable limitations under U.S. federal income tax law.

### ***Sale, Redemption and Other Disposition of Contingent Convertible Preferred Securities***

Gain or loss realized by a U.S. Holder on the sale, redemption or other disposition of contingent convertible preferred securities (other than the receipt of ordinary shares or ADSs upon conversion, which will be treated as described below under "—Conversion") will be subject to U.S. federal income tax as capital gain or loss (assuming in the case of a redemption that the U.S. Holder does not own and is not deemed to own any of our ADSs or ordinary shares) in an amount equal to the difference between the U.S. Holder's tax basis in the contingent convertible preferred securities and the amount realized on the disposition, in each case as determined

in U.S. dollars. Such gain or loss will be long-term capital gain or loss if the U.S. Holder held the contingent convertible preferred securities for more than one year. Any gain or loss will generally be U.S.-source for foreign tax credit purposes. The deductibility of capital losses is subject to limitations.

### ***Conversion***

Conversion of contingent convertible preferred securities into ordinary shares or ADSs will generally be treated as a tax-free recapitalization for U.S. federal income tax purposes. A U.S. Holder's tax basis in the ordinary shares or ADSs received will generally be equal to the U.S. Holder's tax basis in the contingent convertible preferred securities and the holding period in the ordinary shares or ADSs received will generally include the holding period of the contingent convertible preferred securities. Ordinary shares or ADSs received upon conversion will otherwise generally be treated as described under "—BBVA ADSs or Ordinary Shares" above.

### **Passive Foreign Investment Company Rules**

Based upon certain proposed Treasury regulations ("Proposed Regulations") we believe that we were not a PFIC for U.S. federal income tax purposes for our 2018 taxable year. However, because there can be no assurance that the Proposed Regulations will be finalized in their current form and because PFIC status depends upon the composition of a company's income and assets and the market value of its assets from time to time, there can be no assurance that we will not be considered a PFIC for any taxable year.

In general, if we were treated as a PFIC for any taxable year during which a U.S. Holder owned ADSs, ordinary shares or contingent convertible preferred securities, gain recognized by such U.S. Holder on a sale or other disposition of an ADS, an ordinary share or a contingent convertible preferred security would be allocated ratably over the U.S. Holder's holding period for the ADS, the ordinary share or the contingent convertible preferred security. The amounts allocated to the taxable year of the sale or other disposition and to any year before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for ordinary income of taxpayers of the U.S. Holder's type for such taxable year, and an interest charge would be imposed on the resulting tax liability for such taxable year. Similar rules would apply to any distribution in respect of ADSs, ordinary shares or contingent convertible preferred securities to the extent in excess of 125% of the average of the annual distributions on ADSs, ordinary shares or contingent convertible preferred securities received by the U.S. Holder during the preceding three years or the U.S. Holder's holding period, whichever is shorter. Certain elections may be available (including a mark-to-market election) to U.S. Holders that may result in alternative treatment.

Additionally, if a U.S. Holder owns ADSs, ordinary shares or contingent convertible preferred securities during any year in which we are a PFIC, such U.S. Holder would be required to file annual returns (including reporting with respect to distributions received from BBVA and any gain realized on the sale or other taxable disposition of ADSs, ordinary shares or contingent convertible preferred securities). Furthermore, if we are a PFIC in any taxable year in which we make a distribution or the prior taxable year, the favorable tax rates discussed above with respect to dividends paid to certain non-corporate U.S. Holders would not apply.

### **BBVA Senior, Senior Non-Preferred or Subordinated Notes**

#### ***Characterization of the Notes***

We believe that the notes should be treated as debt for U.S. federal income tax purposes and the remainder of this discussion so assumes. However, there is no direct legal authority as to the proper U.S. federal income tax treatment of an instrument such as the notes that is denominated as a debt instrument and has significant debt features, but is subject to statutory bail-in powers such as the Spanish Bail-in Power. Therefore, prospective investors should consult their tax advisers as to the proper characterization of the notes for U.S. federal income tax purposes. In addition, it is expected, and this discussion assumes, that any floating rate note should be treated as a "variable rate debt instrument" for U.S. federal income tax purposes. If that is not the case, the applicable prospectus supplement will describe the U.S. federal income tax consequences of owning and disposing of floating rate notes.

#### ***Payments of Interest***

Interest paid on a note will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes, provided that the interest is qualified stated interest (as defined below).

The amount of interest taxable as ordinary income will include amounts withheld in respect of Spanish taxes, and additional amounts paid in respect thereof, if any. Interest income earned by a U.S. Holder with

respect to a note will constitute foreign source income for U.S. federal income tax purposes, which may be relevant in calculating a U.S. Holder's foreign tax credit limitation. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. Spanish taxes withheld at a rate not exceeding the Treaty rate from interest income on a note which are not otherwise refundable under Spanish tax law may be eligible for credit against the U.S. Holder's U.S. federal income tax liability, subject to generally applicable limitations and conditions. The rules governing foreign tax credits are complex and, therefore, U.S. Holders should consult their own tax advisors regarding the availability of foreign tax credits in their particular circumstances. In lieu of claiming a foreign tax credit, U.S. Holders may elect to deduct Spanish taxes withheld, in computing their taxable income, subject to generally applicable limitations. An election to deduct foreign taxes instead of claiming foreign tax credits applies to all taxes paid or accrued in the taxable year.

Special rules governing the treatment of interest paid with respect to original issue discount notes and foreign currency notes are described below.

### ***Original Issue Discount***

A note that is issued at an issue price that is less than the note's "stated redemption price at maturity" will be considered to have been issued at an original issue discount for U.S. federal income tax purposes (and will be referred to as an "original issue discount note") unless the note satisfies a *de minimis* threshold (as described below) or is a Short-Term Note (as defined below). The "stated redemption price at maturity" of a note will equal the sum of all payments required under the note other than payments of "qualified stated interest". "Qualified stated interest" is stated interest unconditionally payable (other than in debt instruments of the issuer) at least annually during the entire term of the note and equal to the outstanding principal balance of the note multiplied by a single fixed rate or, subject to certain conditions, certain floating rates.

If the difference between a note's stated redemption price at maturity and its issue price is less than a prescribed *de minimis* amount, *i.e.*, generally 1/4 of 1 percent of the stated redemption price at maturity multiplied by the number of complete years to maturity, then the note will not be considered to have original issue discount.

A U.S. Holder of original issue discount notes will be required to include any qualified stated interest payments in income in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes. In addition, U.S. Holders of original issue discount notes that have a term of more than one year from their date of issuance will be required to include original issue discount in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest, before the receipt of cash payments attributable to this income. Under this method, U.S. Holders of original issue discount notes generally will be required to include in income increasingly greater amounts of original issue discount in successive accrual periods.

A U.S. Holder may make an election to include in gross income all interest that accrues on any note (including stated interest, original issue discount and *de minimis* original issue discount as adjusted by any amortizable bond premium) in accordance with a constant yield method based on the compounding of interest (a "constant yield election").

In general, a floating rate note providing for one or more qualified floating rates of interest, a single fixed rate and one or more qualified floating rates, a single objective rate, or a single fixed rate and a single objective rate that is a qualified inverse floating rate, as such terms are defined in applicable Treasury regulations, generally should not be treated as a contingent payment debt instrument, provided that the interest accrues or is paid at least annually and provided further that the issue price of the note does not exceed the total noncontingent principal payments due under the note by more than an amount equal to the lesser of (x) 0.015 multiplied by the product of the total noncontingent principal payments and the number of complete years to maturity from the issue date or (y) 15% of the total noncontingent principal payments. A "qualified floating rate" is any variable rate where variations in the value of such rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the floating rate notes is denominated. An "objective rate" is generally a rate that is determined using a single fixed formula and that is based on objective financial or economic information. A "qualified inverse floating rate" is an objective rate that is equal to a fixed rate minus a qualified floating rate if variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate (disregarding for those purposes any cap, floor, governor or similar restriction).

If a floating rate note provides for two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the note, the qualified floating rates together constitute a single qualified floating rate. If interest on a debt instrument is stated at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period, and the value of the variable rate on the issue date is intended to approximate the fixed rate, the fixed rate and the variable rate together constitute a single qualified floating rate or objective rate. Two or more rates will be conclusively presumed to meet the requirements of the preceding sentences if the values of the applicable rates on the issue date are within 1/4 of one percent of each other. If a floating rate note provides for stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually throughout

the term thereof, then all stated interest on such note will constitute qualified stated interest and will therefore not be treated as having been issued with original issue discount unless the note is issued at a “true” discount (*i.e.*, at a price below the note’s stated principal amount) in excess of the specified *de minimis* amount described in “—Original Issue Discount” above. If floating rate notes are issued with original issue discount, the U.S. federal income tax treatment of such notes will be more fully described in the applicable prospectus supplement.

A note that matures one year or less from its date of issuance (taking into account the last possible date the note could be outstanding in accordance with its terms) (a “Short-Term Note”) will be treated as being issued at a discount and none of the interest paid on the note will be treated as qualified stated interest. In general, a cash method U.S. Holder of a Short-Term Note is not required to accrue the discount for U.S. federal income tax purposes unless it elects to do so (but should include in income any stated interest upon receipt). Accrual method U.S. Holders and cash method U.S. Holders who so elect are required to include the discount in income as it accrues on a straight-line basis, unless an election is made to accrue the discount according to a constant yield method based on daily compounding. In the case of a U.S. Holder who is not required and does not elect to include the discount in income currently, any gain realized on the sale, exchange or retirement of the Short-Term Note will be ordinary income to the extent of the discount accrued on a straight-line basis (or, if elected, according to a constant yield method based on daily compounding) through the date of sale, exchange or retirement. In addition, those holders will be required to defer deductions for any interest paid on indebtedness incurred to purchase or carry Short-Term Notes in an amount not exceeding the accrued discount until the accrued discount is included in income.

#### ***Amortizable Bond Premium***

If a U.S. Holder purchases a note for an amount that is greater than the sum of all amounts payable on the note other than qualified stated interest, the U.S. Holder will be considered to have purchased the note with amortizable bond premium. In general, amortizable bond premium with respect to any note will be equal in amount to the excess of the purchase price over the sum of all amounts payable on the note other than qualified stated interest and the U.S. Holder may elect to amortize this premium, using a constant-yield method, over the remaining term of the note. Special rules may limit the amount of bond premium that can be amortized during certain accrual periods in the case of notes that are subject to unconditional optional redemption. A U.S. Holder may generally use the amortizable bond premium allocable to an accrual period to offset qualified stated interest required to be included in the U.S. Holder’s income with respect to the note in that accrual period. A U.S. Holder who elects to amortize bond premium must reduce the U.S. Holder’s tax basis in the note by the amount of the premium amortized in any year. An election to amortize bond premium applies to all taxable debt obligations then owned and thereafter acquired by the U.S. Holder and may be revoked only with the permission of the Internal Revenue Service.

If a U.S. Holder makes a constant-yield election (as described under “—Original Issue Discount” above) for a note with amortizable bond premium, such election will result in a deemed election to amortize bond premium for all of the U.S. Holder’s debt instruments with amortizable bond premium and may be revoked only with the permission of the Internal Revenue Service with respect to debt instruments acquired after revocation.

#### ***Sale, Exchange or Retirement of the Notes***

Upon the sale, exchange or retirement of a note, a U.S. Holder will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange or retirement and the U.S. Holder’s adjusted tax basis in the note. Gain or loss, if any, will generally be U.S.-source for purposes of computing a U.S. Holder’s foreign tax credit limitation. For these purposes, the amount realized does not include any amount attributable to accrued interest. Amounts attributable to accrued interest are treated as interest as described under “—Payments of Interest” above. A U.S. Holder’s adjusted tax basis in a note generally will equal such U.S. Holder’s initial investment in the note increased by any original issue discount included in income and decreased by any bond premium previously amortized and principal payments previously received.

Except as described below under “—Foreign Currency Notes”, gain or loss realized on the sale, exchange or retirement of a note will generally be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange or retirement the note has been held for more than one year. Exceptions to this general rule apply in the case of a Short-Term Note, to the extent of any accrued discount not previously included in the U.S. Holder’s taxable income. See “—Original Issue Discount” above. The deductibility of capital losses is subject to limitations.

#### ***Foreign Currency Notes***

The rules applicable to Notes denominated in, or the payments on which are determined by reference to, a single currency other than U.S. dollars (referred to in this section as “Foreign Currency Notes”) could require some or all of the gain or loss on the sale, exchange or retirement of a Foreign Currency Note to be re-characterised as ordinary income or loss. The rules applicable to foreign currency notes are complex and their application may depend on the



U.S. Holder's particular U.S. federal income tax situation. For example, various elections are available under these rules, and whether a U.S. Holder should make any of these elections may depend on the U.S. Holder's particular U.S. federal income tax situation. U.S. Holders are urged to consult their own tax advisers regarding the U.S. federal income tax consequences of the acquisition, ownership and disposition of foreign currency notes.

A U.S. Holder who uses the cash method of accounting and who receives a payment of qualified stated interest (or who receives proceeds from a sale, exchange or other disposition attributable to accrued interest) in a foreign currency with respect to a foreign currency note will be required to include in income the U.S. dollar value of the foreign currency payment (determined based on a spot rate on the date the payment is received) regardless of whether the payment is in fact converted into U.S. dollars at that time, and this U.S. dollar value will be the U.S. Holder's tax basis in the foreign currency.

An accrual-method U.S. Holder will be required to include in income the U.S. dollar value of the amount of interest income (including original issue discount, but reduced by amortizable bond premium to the extent applicable) that has accrued and is otherwise required to be taken into account with respect to a foreign currency note during an accrual period. Any original issue discount will be determined in the relevant foreign currency. The U.S. dollar value of the accrued income will be determined by translating the income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the taxable year. A U.S. Holder may elect to translate interest income (including original issue discount) into U.S. dollars at the spot rate on the last day of the interest accrual period (or, in the case of a partial accrual period, the spot rate on the last day of the taxable year) or, if the date of receipt is within five business days of the last day of the interest accrual period, the spot rate on the date of receipt. A U.S. Holder that makes this election must apply it consistently to all debt instruments from year to year and cannot revoke the election without the consent of the Internal Revenue Service. A U.S. Holder may recognize U.S.-source ordinary income or loss (which will not be treated as interest income or expense) with respect to accrued interest income on the date the interest payment or proceeds from the sale, exchange or other disposition attributable to accrued interest is actually received. The amount of ordinary income or loss recognized will equal the difference between the U.S. dollar value of the foreign currency payment received (determined based on a spot rate on the date the payment is received) in respect of the accrual period and the U.S. dollar value of interest income that has accrued during the accrual period (as determined above). Rules similar to these rules apply in the case of cash-method U.S. Holders who are required to currently accrue original issue discount.

If an election to amortize bond premium is made, amortizable bond premium taken into account on a current basis will reduce interest income in units of the relevant foreign currency. Exchange gain or loss is realized on amortized bond premium with respect to any period by treating the bond premium amortized in the period in the same manner as it would have been treated on the sale, exchange or retirement of the foreign currency note, as described below. Any exchange gain or loss will be U.S.-source ordinary income or loss as described below. If the election to amortize bond premium is not made, any bond premium will be taken into account in determining the overall gain or loss on the notes and any loss realized on the sale, exchange or retirement of a foreign currency note will be a capital loss to the extent attributable to the bond premium.

A U.S. Holder's tax basis in a foreign currency note, and the amount of any subsequent adjustment to the U.S. Holder's tax basis (including adjustments for original issue discount included as income and any bond premium previously amortized or principal payments received), will be the U.S. dollar value of the foreign currency amount paid for such foreign currency note, or of the foreign currency amount of the adjustment, determined on the date of the purchase or adjustment. A U.S. Holder who purchases a foreign currency note with previously owned foreign currency will recognize U.S.-source ordinary income or loss in an amount equal to the difference, if any, between the U.S. Holder's tax basis in the foreign currency and the U.S. dollar fair market value of the foreign currency note on the date of purchase.

Gain or loss realized upon the sale, exchange or retirement of a foreign currency note that is attributable to fluctuations in currency exchange rates will be U.S.-source ordinary income or loss that will not be treated as interest income or expense. Gain or loss attributable to fluctuations in exchange rates will equal the difference between (i) the U.S. dollar value of the foreign currency purchase price of the note, determined on the date the payment is received or the note is disposed of, (or if the note is traded on an established securities market, on the settlement date if the U.S. Holder is a cash basis U.S. Holder or an electing accrual basis U.S. Holder); and (ii) the U.S. dollar value of the foreign currency purchase price of the note, determined on the date the U.S. Holder acquired the note. Payments received attributable to accrued interest will be treated in accordance with the rules applicable to interest income described above. The foreign currency gain or loss will be recognized only to the extent of the total gain or loss realized by a U.S. Holder on the sale, exchange or retirement of the foreign currency note. Any gain or loss realized by a U.S. Holder in excess of the foreign currency gain or loss will be capital gain or loss (except in the case of a Short-Term Note, to the extent of any discount not previously included in the U.S. Holder's income).



A U.S. Holder will have a tax basis in any foreign currency received on the sale, exchange or retirement of a foreign currency note equal to the U.S. dollar value of the foreign currency, determined at the time of sale, exchange or retirement. Provided the foreign currency notes are traded on an established securities market, a cash-method U.S. Holder who buys or sells a foreign currency note is required to translate units of foreign currency paid or received into U.S. dollars at the spot rate on the settlement date of the purchase or sale. Accordingly, no exchange gain or loss will result for such holders from currency fluctuations between the trade date and the settlement of the purchase or sale. An accrual-method U.S. Holder may elect the same treatment for all purchases and sales of foreign currency notes, provided the foreign currency notes are traded on an established securities market. This election cannot be revoked without the consent of the Internal Revenue Service.

A U.S. Holder may be required to file a reportable transaction disclosure statement with the U.S. Holder's U.S. federal income tax return, if such U.S. Holder realizes a loss on the sale or other disposition of a foreign currency note and such loss is greater than applicable threshold amounts, which differ depending on the status of the U.S. Holder. A U.S. Holder that claims a deduction with respect to a foreign currency note should consult its tax adviser regarding the need to file a reportable transaction disclosure statement.

### **Information Reporting and Backup Withholding**

Payments of dividends, distributions or interest on, and the proceeds from a sale or other disposition of, ADSs, ordinary shares, contingent convertible preferred securities or notes that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting and backup withholding unless the U.S. Holder is an exempt recipient or, in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that no loss of exemption from backup withholding has occurred. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

Certain U.S. Holders who are individuals and certain specified U.S. entities may be required to report information relating to securities issued by a non-U.S. person, subject to certain exceptions (including an exception for securities held in accounts maintained by financial institutions, which accounts may be reportable if maintained by non-U.S. financial institutions). U.S. Holders should consult their tax advisers regarding their reporting obligations with respect to the ADSs, ordinary shares, contingent convertible preferred securities or notes.

### **Potential FATCA withholding**

Certain provisions of the Code and U.S. Treasury regulations commonly known as FATCA, as well as certain intergovernmental agreements between the United States and certain other countries (including Spain), together with local country implementing legislation, may impose 30% withholding on certain payments made in respect of the notes, contingent convertible preferred securities, ADSs and ordinary shares ("FATCA withholding"), to the extent such payments are considered "foreign passthru payments" (which term is not yet defined). FATCA withholding would apply only if the payments are made to a recipient (including an intermediary) that is a "foreign financial institution" that has not entered into an agreement with the U.S. Internal Revenue Service pursuant to FATCA or otherwise established an exemption from FATCA withholding. FATCA withholding will not apply to notes treated as debt for U.S. federal income tax purposes that are issued or issued before (and not materially modified after) the date that is six months after the date on which final U.S. Treasury regulations defining the term "foreign passthru payments" are published. In addition, under proposed Treasury regulations (the preamble to which specifies that taxpayers may rely on them pending finalization) FATCA withholding will not apply prior to the date that is two years after the date that is two years after the final U.S. Treasury regulations defining the term "foreign passthru payments" are published. It is not yet clear whether or to what extent payments on the ADSs, ordinary shares, contingent convertible preferred securities or notes will be treated as foreign passthru payments.

The United States has entered into intergovernmental agreements with Spain and many other jurisdictions to implement FATCA. It is not yet certain how the United States and these jurisdictions will address "foreign passthru payments" or if FATCA withholding will be required at all under such agreements.

If FATCA withholding is required, none of BBVA, the trustee or any paying agent will pay any additional amounts with respect to any amounts so withheld. Prospective investors and beneficial owners of notes, contingent convertible capital securities, ADSs and ordinary shares should consult their tax advisers as to how these rules may apply to payments they receive under the notes, contingent convertible capital securities, ADSs and ordinary shares and their ability to obtain a refund of any FATCA withholding.

## BENEFIT PLAN INVESTOR CONSIDERATIONS

The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and Section 4975 of the Code, impose certain requirements on (a) employee benefit plans subject to Title I of ERISA, (b) individual retirement accounts (“IRAs”), Keogh plans or other arrangements subject to Section 4975 of the Code, (c) entities whose underlying assets include “plan assets” by reason of any such plan’s or arrangement’s investment therein (we refer to the foregoing collectively as “Plans”) and (d) persons who are fiduciaries with respect to Plans. In addition, certain governmental, church and non-U.S. plans (“Non-ERISA Arrangements”) are not subject to Section 406 of ERISA or Section 4975 of the Code, but may be subject to other laws that are substantially similar to those provisions (each, a “Similar Law”).

In addition to ERISA’s general fiduciary standards, Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of a Plan and persons who have specified relationships to the Plan, *i.e.*, “parties in interest” as defined in ERISA or “disqualified persons” as defined in Section 4975 of the Code (we refer to the foregoing collectively as “parties in interest”) unless exemptive relief is available under an exemption issued by the U.S. Department of Labor. Parties in interest that engage in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and Section 4975 of the Code. We and the underwriters, agents and dealers through which the securities described in this prospectus may be sold, and our and their current and future affiliates (collectively, the “Transaction Parties”), may be parties in interest with respect to many Plans. Thus, a Plan fiduciary considering an investment in the securities described in this prospectus should also consider whether such an investment might constitute or give rise to a prohibited transaction under ERISA or Section 4975 of the Code. For example, the securities may be deemed to represent a direct or indirect sale of property, extension of credit or furnishing of services between us and an investing Plan which would be prohibited if we are a party in interest with respect to the Plan unless exemptive relief were available under an applicable exemption.

In this regard, each prospective purchaser that is, or is acting on behalf of, a Plan, and proposes to purchase the securities described in this prospectus, should consider the exemptive relief available under the following prohibited transaction class exemptions, or PTCEs: (A) the in-house asset manager exemption (PTCE 96-23), (B) the insurance company general account exemption (PTCE 95-60), (C) the bank collective investment fund exemption (PTCE 91-38), (D) the insurance company pooled separate account exemption (PTCE 90-1) and (E) the qualified professional asset manager exemption (PTCE 84-14). In addition, ERISA Section 408(b)(17) and Section 4975(d)(20) of the Code may provide a limited exemption for the purchase and sale of securities and related lending transactions, provided that neither the issuer of the securities nor any of its affiliates have or exercise any discretionary authority or control or render any investment advice with respect to the assets of the Plan involved in the transaction and provided further that the Plan pays no more, and receives no less, than adequate consideration in connection with the transaction (the so-called “service provider exemption”). There can be no assurance that any of these statutory or class exemptions will be available with respect to transactions involving the securities described in this prospectus.

Each purchaser or holder of a security covered by this prospectus, and each fiduciary who causes any entity to purchase or hold a security covered by this prospectus, shall be deemed to have represented and warranted, on each day such purchaser or holder holds such securities, that either (A) it is neither a Plan nor a Non-ERISA Arrangement and it is not purchasing or holding securities on behalf of or with the assets of any Plan or Non-ERISA arrangement or (B) its purchase, holding and subsequent disposition of such securities shall not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or violate any provision of Similar Law.

Fiduciaries of any Plans and Non-ERISA Arrangements should consult their own legal counsel before purchasing the securities described in this prospectus. We also refer you to the portions of the offering circular addressing restrictions applicable under ERISA, the Code and Similar Law.

Each purchaser of a security covered by this prospectus will have exclusive responsibility for ensuring that its purchase, holding and subsequent disposition of the security does not violate the fiduciary or prohibited transaction rules of ERISA, the Code or any Similar Law. Nothing herein shall be construed as a representation that an investment in the securities described in this prospectus would meet any or all of the relevant legal requirements with respect to investments by, or is appropriate for, Plans or Non-ERISA Arrangements generally or any particular Plan or Non-ERISA Arrangement.

## PLAN OF DISTRIBUTION

We may sell the securities being offered by this prospectus: (1) through selling agents; (2) through underwriters; (3) through dealers; and/or (4) directly to purchasers. Any of these selling agents, underwriters or dealers in the United States or outside the United States may include affiliates of ours. In addition, we may issue our ordinary shares (including in the form of ADSs) in a subscription rights offering to our existing shareholders.

We may designate selling agents from time to time to solicit offers to purchase these securities. We will name any such agent, who may be deemed to be an underwriter as that term is defined in the Securities Act, and state any commissions we are to pay to that agent in the applicable prospectus supplement or term sheet. That agent will be acting on a reasonable efforts basis for the period of its appointment unless otherwise indicated in the applicable prospectus supplement or term sheet.

If we use any underwriters to offer and sell these securities, we will enter into an underwriting agreement with those underwriters when we and they determine the offering price of the securities, and we will include the names of the underwriters and the terms of the transaction, including the compensation the underwriters will receive, in the applicable prospectus supplement or term sheet.

If we offer our ordinary shares in a subscription rights offering to our existing shareholders, we may enter into a standby underwriting agreement with dealers acting as standby underwriters. We may pay the standby underwriters a commitment fee for the securities they commit to purchase on a standby basis. If we do not enter into a standby underwriting arrangement, we may retain a dealer-manager to manage a subscription rights offering for us.

If we use a dealer to offer and sell these securities, we will sell the securities to the dealer, as principal, and will name the dealer and include the terms of the transaction in the applicable prospectus supplement or term sheet. The dealer may then resell the securities to the public at varying prices to be determined by that dealer at the time of resale.

Our net proceeds will be the purchase price in the case of sales to a dealer, the public offering price less the relevant discount in the case of sales to an underwriter or the purchase price less the relevant commission in the case of sales through a selling agent, in each case, less other expenses attributable to issuance and distribution.

Offers to purchase securities may be solicited directly by us, and the sale of those securities may be made by us directly to institutional investors or others, who may be deemed to be underwriters within the meaning of the Securities Act with respect to any resale of those securities. The terms of any sales of this type will be described in the applicable prospectus supplement or term sheet.

We may engage in at the market offerings into an existing trading market in accordance with Rule 415(a)(4) of the Securities Act.

One or more firms, referred to as “remarketing firms”, may also offer or sell the securities, if the applicable prospectus supplement or term sheet so indicates, in connection with a remarketing arrangement upon their purchase. Remarketing firms will act as principals for their own accounts or as agents for us or any of our subsidiaries. These remarketing firms will offer or sell the securities in accordance with a redemption or repayment pursuant to the terms of the securities. The applicable prospectus supplement or term sheet will identify any remarketing firm and the terms of its agreement, if any, with us or any of our subsidiaries and will describe the remarketing firm’s compensation. Remarketing firms may be deemed to be underwriters within the meaning of the Securities Act in connection with the securities they remarket.

Until the distribution of the securities is completed, rules of the SEC may limit the ability of underwriters and other participants in the offering to bid for and purchase the securities covered by the prospectus. As an exception to these rules, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of such securities or any other securities the prices of which may be used to determine payments on such securities. Specifically, the underwriters may sell more securities than they are obligated to purchase in connection with the offering, creating a short position for their own accounts. A short sale is covered if the short position is no greater than the number or amount of securities available for purchase by the underwriters under any over-allotment option. The underwriters can close out a covered short sale by exercising the over-allotment option or purchasing such securities in the open market. In determining the source of securities to close out a covered short sale, the underwriters will consider, among other things, the open market price of such securities compared to the price available under any over-allotment option. The underwriters may also sell the securities covered by this prospectus in excess of any over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing securities in the open market. A naked short

position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the offered securities in the open market after pricing that could adversely affect investors who purchase in the offering. As an additional means of facilitating the offering, the underwriters may bid for, and purchase, such securities or any other securities in the open market to stabilize the price of such securities or of any other securities. The underwriters also may impose a penalty bid on certain underwriters. This means that if the underwriters purchase the securities in the open market to reduce the underwriters' short position or to stabilize the price of the securities, they may reclaim the amount of the selling concession from the underwriters who sold those securities as part of the offering. In general, purchases of a security for the purpose of stabilization or to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases. The imposition of a penalty bid might also have an effect on the price of a security to the extent that it was to discourage resales of the security. Any of these activities may raise or maintain the market price of such securities above independent market levels or prevent or retard a decline in the market price of such securities. The underwriters are not required to engage in these activities, and may end any of these activities at any time.

Selling agents, underwriters, dealers and remarketing firms may be entitled under agreements with us to indemnification by us against some civil liabilities, including liabilities under the Securities Act, and may be customers of, engage in transactions with or perform services for us in the ordinary course of business.

If so indicated in the applicable prospectus supplement or term sheet, we will authorize selling agents, underwriters or dealers to solicit offers by some purchasers to purchase securities from us at the public offering price stated in the applicable prospectus supplement or term sheet under delayed delivery contracts providing for payment and delivery on a specified date in the future. If we use delayed delivery contracts, we will disclose that we are using them in the prospectus supplement or term sheet and will tell you when we will demand payment and delivery of the securities under the delayed delivery contracts. These contracts will be subject only to those conditions described in the applicable prospectus supplement or term sheet, and the applicable prospectus supplement or term sheet will state the commission payable for solicitation of these offers.

Any underwriter, selling agent or dealer utilized in the initial offering of securities will not confirm sales to accounts over which it exercises discretionary authority without the prior specific written approval of its customer.

To the extent an initial offering of the securities will be distributed by an affiliate of ours, each such offering of securities will be conducted in compliance with the requirements of Financial Industry Regulatory Authority ("FINRA") Rule 5121 regarding a FINRA member firm's distribution of securities of an affiliate.

Underwriting discounts and commissions on securities sold in the initial distribution will not exceed 8% of the offering proceeds.

In the ordinary course of their respective businesses, the underwriters named in the applicable prospectus supplement or term sheet and their affiliates may have engaged and may in the future engage in various banking and financial services for and commercial transactions with us and/or our affiliates for which they received or will receive customary fees and expenses. In addition, affiliates of the underwriters may enter into interest rate swaps or other hedging transactions with us in connection with a particular offering of securities and may receive compensation in connection with that transaction.

## VALIDITY OF THE SECURITIES

The validity of our securities, where applicable, and certain other matters of Spanish law will be passed upon for us by J&A Garrigues S.L.P., our Spanish counsel. Certain matters of U.S. federal and New York State law will be passed upon for us by Davis Polk & Wardwell LLP, our U.S. counsel, and for any underwriters or agents by Sidley Austin LLP, the underwriters' U.S. counsel.

## EXPERTS

The consolidated financial statements of Banco Bilbao Vizcaya Argentaria, S.A as of and for the years ended December 31, 2018 and 2017, and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2018 have been incorporated by reference herein in reliance upon the reports of KPMG Auditores, S.L, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing. The audit report covering the December 31, 2018 financial statements refers to a change in the method of accounting for financial instruments due to the adoption of International Financial Reporting Standard 9, *Financial Instruments*, and that the Company elected to change its method of accounting for hyperinflationary economies under International Accounting Standard 29, *Financial Reporting in Hyperinflationary Economies*.

The consolidated financial statements of Banco Bilbao Vizcaya Argentaria, S.A as of December 31, 2016 and for the year then ended, incorporated in this prospectus by reference from the Recast 6-K, have been audited by Deloitte, S.L., an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such consolidated financial statements have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

## ENFORCEMENT OF CIVIL LIABILITIES

BBVA is a limited liability company (*sociedad anónima*) organized under the laws of Spain. Substantially all of our directors and executive officers, and certain of the experts named in this document, are not residents of the United States. A substantial portion of our assets and those persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons with respect to matters arising under the Securities Act or to enforce against them judgments of courts of the United States predicated upon civil liability under the Securities Act. We are advised by Spanish legal counsel that there is doubt as to the enforceability in Spain in original actions or in actions for enforcement of judgments of U.S. courts, of liabilities predicated solely upon the securities laws of the United States. Except as otherwise provided herein, we have submitted to the non-exclusive jurisdiction of New York state and U.S. federal courts sitting in New York City for the purpose of any suit, action or proceeding arising out of or in connection with the senior notes, senior non-preferred notes, subordinated notes and contingent convertible preferred securities and have appointed Banco Bilbao Vizcaya Argentaria, S.A. New York Branch, as agent in New York City to accept service of process in any such action.





**BANCO BILBAO VIZCAYA ARGENTARIA, S.A.**

**\$1,200,000,000 0.875% Fixed Rate Senior Preferred Notes Due 2023**

**\$800,000,000 1.125% Fixed Rate Senior Preferred Notes Due 2025**

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**PROSPECTUS SUPPLEMENT**

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*Joint Bookrunners*

**BBVA**

**Credit Agricole CIB**

**Morgan Stanley**

**Credit Suisse**

**BofA Securities**

**J.P. Morgan**

**Wells Fargo Securities**

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September 10, 2020