BBVA Global Finance Limited

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

Financial Statements for the year ended December 31, 2020

BBVA GLOBAL FINANCE LIMITED
(a wholly owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A.)

STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2020 AND 2019

(Currency - United States Dollars)

	2020	2019 (*)
ASSETS:		
Non-current assets		
Long term assets due from Parent (Notes 2.c, 3, 4 and 8)	194,678,000	194,678,000
Current assets		
Short term assets due from Parent (Notes 2.c, 3, 4 and 8)	8,017,015	8,029,122
Cash and cash equivalents (Notes 3 and 8)	2,890,932	2,659,381
Total assets	**205,585,947**	**205,366,503**
LIABILITIES AND SHAREHOLDER'S EQUITY:		
Liabilities		
Long-Term liabilities		
Long term bonds and notes (Notes 2.c, 5 and 8)	199,069,082	198,891,323
Short-Term liabilities		
Short term bonds and notes (Notes 2.c and 5)	1,166,667	1,166,667
Other accrual accounts	12,722	11,521
Total liabilities	**200,248,471**	**200,069,511**
Shareholder's equity (Note 6)		
Issued share capital	1,000	1,000
Other reserves	5,295,992	5,188,887
Result of the year	40,484	107,105
Total shareholder´s equity	**5,337,476**	**5,296,992**
Total liabilities and shareholder’s equity	**205,585,947**	**205,366,503**

(*) Presented only for comparison purposes.
The accompanying Explanatory Notes 1 to 10 form an integral part of these financial statements.

BBVA GLOBAL FINANCE LIMITED
(a wholly owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A.)

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(Currency - United States Dollars)

	2020	2019 (*)
Interest income from Parent (Notes 4 and 8)	14,381,027	14,532,471
Interest expense to note holders (Notes 5 and 8)	(14,315,503)	(14,403,333)
Financial margin	**65,524**	**129,138**
General and administrative expenses (Notes 7 and 8)	(23,824)	(21,724)
Exchange gains/(losses)	(1,216)	(309)
Profit (loss) and comprehensive income (loss)	**40,484**	**107,105**
Profit (loss) per common share	**4,048**	**10,711**
Average number of common shares outstanding	**10**	**10**

(*) Presented only for comparison purposes.

The accompanying Explanatory Notes 1 to 10 form an integral part of these financial statements.

BBVA GLOBAL FINANCE LIMITED
(a wholly owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A.)

STATEMENTS OF CHANGES IN SHAREHOLDER´S EQUITY FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(Currency - United States Dollars)

	2020	2019 (*)
Number of authorized shares		
Balance at the beginning and at the end of the year	1,000	1,000
Number of issued shares		
Balance at the beginning and at the end of the year	10	10
Par value per share at end of year	100	100
Capital stock		
Balance at the beginning and at the end of the year	1,000	1,000
Retained earnings		
Balance at the beginning of the year	5,295,992	5,188,887
Net income / (loss) for the year	40,484	107,105
Balance at the end of the year	5,336,476	5,295,992
Shareholders equity, end of the year	**5,337,476**	**5,296,992**

(*) Presented only for comparison purposes.
The accompanying Explanatory Notes 1 to 10 form an integral part of these financial statements.

BBVA GLOBAL FINANCE LIMITED
(a wholly owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A.)

STATEMENTS OF CASH FLOW FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(Currency - United States Dollars)

	2020	2019 (*)
Cash flow from operating activities:		
Net income / (loss)	40,484	107,105
Adjustments to reconcile net income to net cash provided by (used in) operating activities	1,216	309
Amortization of differences between initial amount and maturity amount on assets due from Parent and bonds and notes		
(Increase) / Decrease in accrued interest receivable from Parent - Long Term	-	-
(Increase) / Decrease in accrued interest receivable from Parent - Short Term	12,107	(71,183)
Increase / (decrease) in interest payable to note holders - Long Term	177,759	177,760
Increase / (decrease) in interest payable to note holders - Short Term	-	77,778
Increase / (decrease) in other accrual accounts	1,201	(13,505)
Net cash provided by operating activities	**232,767**	**278,264**
Cash flow from investing activities:		
Decrease in assets due from Parent	-	-
Net cash provided by investing activities	**-**	**-**
Cash flow from financing activities:		
Decrease in bonds and notes	-	-
Net cash used in financing activities	**-**	**-**
Effect of currency translations	**(1,216)**	**(309)**
Net increase in cash and cash equivalents	**231,551**	**277,955**
Cash and cash equivalents at beginning of the year	2,659,381	2,381,426
Cash and cash equivalents at the end of the year	**2,890,932**	**2,659,381**

(*) Presented only for comparison purposes.

The accompanying Explanatory Notes 1 to 10 form an integral part of these financial statements.

1. Group affiliation, principal activity and tax regulation

Bilbao International Limited, which was incorporated on June 23, 1983, in the Cayman Islands, changed its name to BBV International Finance Limited on August 21, 1990 and to BBVA Global Finance Limited (the "Company") on April 17, 2001 and is a wholly owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A., (the "Bank" or the "Parent Company") a Spanish banking institution headquartered in Bilbao, Spain.

The Company's principal activity is to act as a financing entity for the Bank. The objectives for which the Company is established are to issue debt obligations to lend the proceeds received to its Parent, and to borrow funds from other entities and to lend the proceeds to any subsidiary of its Parent, and any other activities incidental to the borrowing and lending of such funds.

The Cayman Islands currently have no taxes on profits, corporate income or capital gains.

The Company develops its activity as a member company of Banco Bilbao Vizcaya Argentaria Group (the "Group" or "BBVA Group") and its management is performed by personnel of this Group. The Company is economically dependent on the Parent and its continuing existence is based solely on the ability of the Parent to fulfil its obligations to the Company for the interest and maturity of the deposits and guarantee of the redemption value of the Notes (Note 5). The Parent has commited to provide adequate financial resources to the Company to allow it to continue as going concern until the time of its liquidation.

Since December 2001, the Company ceased issuing Subordinated Notes and since June 2003, Senior Notes, due to the revised legal regulatory framework applicable to the Parent.

These financial statements have been prepared for the use of the sole shareholder of the Company.

2. Significant accounting policies

Accounting principles

These financial statements of the Company are prepared in accordance with International Financial Reporting Standards as issued by International Accounting Standards Board ("IFRS-IASB") with significant policies applied below.

a) Recognition of revenues and expenses

For accounting purposes, revenues and expenses are recorded on an accrual basis as they are earned or incurred using the effective interest method. Revenues include interest earned by assets due from Parent and expenses include, mainly, interest incurred by notes and deposits.

b) Use of estimates

Estimates were required to be made at times when preparing these Financial Statements in order to calculate the recorded or disclosed amount of some assets, liabilities, income, expenses and commitments.

These estimates were made on the basis of the best available information on the matters analyzed, as of December 31. 2020. However, it is possible that events may take place in the future which could make it necessary to amend these estimations (upward or downward), which would be carried out prospectively, recognizing the effects of the change in estimation in the corresponding income statement.

The preparation of financial statements in conformity with IFRS-IASB requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

There have not been any changes in the estimates made by the management during 2020 and 2019 (see Note 3).

c) Euro Medium Term Notes and deposits due from Parent

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

For subsequent measurement, debt securities and deposits due from Parent were accounted for at amortized cost by using the effective interest rate method. The carrying amount of these debt securities and deposits are detailed in Notes 4 and 5 respectively.

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument, considering all contractual terms of the financial instruments, transaction costs, and all other premiums or discounts.

Issuing Notes, sometimes, involves incurring costs and commissions in relation to the offering. These fees and costs are considered as transaction costs in calculating the effective interest rate.

d) Impairment of financial assets

An asset is credit-impaired according to IFRS 9 if one or more events have occurred and they have a detrimental impact on the estimated future cash flows of the asset.

When the estimates used to determine the recoverable amount have changed since the last time, an impairment loss was recognized and these changes then results in an increase of the recoverable amount such an increase represents a reversal of some of the impairment losses in the statement of comprehensive income.

During 2020 and 2019, the Company did not recognize any impairment of financial assets. The Company´s total assets are held with the Parent Company.

e) Recognition and derecognition

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

f) Foreign currency transactions and exchange differences

The Company uses the United States of America Dollar (“U.S. $”) as its functional and presentation currency.

Assets and liabilities in foreign currencies have been translated to U.S. dollars at the year-end exchange rate.

Revenues and expenses in foreign currencies have been translated to U.S. dollars at the average exchange rates in each year.

All the assets are contracted with Banco Bilbao Vizcaya Argentaria, S.A. in Spain, the parent entity of the Company (see Notes 4, 6 and 8). Liabilities are mainly Notes issued denominated in U.S dollars (see Note 5) and current creditors denominated in U.S dollars.

The exchange differences that arise when converting these foreign currency assets and liabilities into U.S. dollars are recognized under the heading "Exchange gains/(losses)" in the statements of comprehensive income, except for those differences that arise in non-monetary items measured at fair value, that are recognized in equity under the heading “Accumulated other comprehensive income or loss – Items not subject to reclassification to income statement - Fair value changes of equity instruments measured at fair value through other comprehensive income” in the statement of financial position.

g) *Cash and cash equivalents*

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

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

h) *Income taxes*

No income taxes are levied on corporations by the Cayman Islands government and, therefore, no income tax provision is reflected in the accompanying financial statements.

i) *Statement of Profit or Loss and Other Comprehensive Income*

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

j) *Cash flow statement*

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

k) *True and fair view*

The Company’s financial statements for 2020 which have been obtained from the Company’s accounting records, are presented in accordance with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein, and they give a true and fair view of the Company's net worth and financial position as of December 31st, 2020 and the results of operations as well as the cash flows generated during the year then ended. These financial statements, which have been prepared by the Board of Directors of the Company, will be submitted for approval by the Shareholders’, and it is considered that they will be approved without any changes.

The Company’s financial statements for 2019 were approved by its sole shareholder on November 26th, 2020.

l) *Fair value hierarchy*

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

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

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

- Level 1: Valuation using directly the quotation of the instrument, observable and readily and regularly available from independent price sources and referenced to active markets that the entity can access at the measurement date. The instruments classified within this level are fixed-income securities, equity instruments and certain derivatives (see Note 5).

- Level 2: Valuation of financial instruments with commonly accepted techniques that use inputs obtained from observable data in markets (see Note 5).
- Level 3: Valuation of financial instruments with valuation techniques that use significant unobservable inputs in the market. Model selection and validation is undertaken by control areas outside the business areas.

m) Related party transactions

The Company is a wholly-owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A. and enters into transactions with related parties on an arm's length basis (see Note 8). This includes amongst others cash deposits agreements. All the outstanding amounts have been disclosed in the notes to each separate account balance when applicable (see Notes 3, 4 and 5).

No remuneration is paid by the Company to the managing directors as they are not employed by the Company. Remunerations to the managing directors of the Company are paid by the Parent Company.

n) Adoption of New and Revised International Financial Reporting Standards ('IFRS') and Interpretations

In 2020, the Company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ('IASB') and the International Financial Reporting Interpretations Committee ('IFRIC') of the IAS that are relevant to its operations and effective for accounting periods beginning on or after January 1st, 2020. The adoption of these new and revised Standards and Interpretations has not resulted in major changes to the Company's records.

<u>Standards, amendments and Interpretations to existing standards that became mandatory for the first time for the 2020 financial statements:</u>

The following amendments to the IFRS standards or their interpretations (hereinafter "IFRIC") became effective on or after January 1st, 2020:

- IAS 1 and IAS 8 – "Definition of Material": The amendments clarify the definition of Material in the preparation of the financial statements by aligning the definition of the Conceptual Framework, IAS 1 and IAS 8 (which, before such amendment, contained similar but not identical definitions). The new definition of material is as follows: "information is material if its omission, misrepresentation or obscuration can reasonably be expected to influence the decisions made by the primary users of a specific entity's general purpose financial statements, based on those financial statements".

  The implementation of this standard as of January 1st, 2020 has had no significant impact on the Company's financial statements.

- IFRS 3 – "Definition of a business": The amendment clarifies the difference between "acquiring a business" or "acquiring a group of assets" for accounting purposes. To determine whether a transaction is the acquisition of a business, an entity has to evaluate and conclude that the following two conditions are met:

  - The fair value of the assets acquired is not in a single asset or group of similar assets.
  - The set of acquired activities and assets includes, as a minimum, an input and a substantive process that together contribute to the ability to create products.

  The implementation of this standard as of January 1st, 2020 has had no significant impact on the Company's financial statements.

- IFRS 9, IAS 39 and IFRS 7 – Modifications – IBOR Reform: The IBOR Reform (Phase 1) refers to the amendments to IFRS 9, IAS 39 and IFRS 7 issued by the IASB to prevent some hedge accounting from having to be discontinued in the period before the reform of the interest rate references takes place. As the Group applies IAS 39 for hedge accounting, the amendments of IFRS 9 which are stated in this section are not applicable.

  In some cases and / or jurisdictions, there may be uncertainty about the future of some interest rate references or their impact on the contracts held by the entity, which directly causes uncertainty about the timing or amounts of the cash flows of the hedged instrument or hedging instrument. Due to such uncertainties, some entities may be forced to discontinue their hedge accounting, or not be able to designate new hedging relationships.

  For this reason, the amendments include several transitory reliefs that apply to all hedging relationships that are affected by the uncertainty arising from the IBOR reform; A hedging relationship is affected by the reform if it generates uncertainty about the timing or amount of the cash flows of the hedged financial instrument or that of a hedging instrument referenced to the particular interest rate benchmark. The reliefs refer specifically to the requirements for highly probable future cash flow hedging transactions, to the future and retrospective effectiveness (relief of the compliance of the effectiveness ratio of 80-125%) and to the need to identify each risk component separately.

Since the purpose of the modification is to provide some temporary relief to the application of certain specific requirements of hedge accounting, these exceptions must end once the uncertainty is resolved or the hedging relationship ceases to exist. The company does not carry out any hedging operations and thus, they have not a significant impact on the interim financial statements.

- IFRS 16 –Leases – COVID-19 modifications: On May 28th, 2020, the IASB approved an amendment to IFRS 16 to include a practical expedient to the accounting treatment for rent concessions (payment deferrals and temporary rent reductions) that occur due to a direct consequence of COVID-19.

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

  The implementation of this standard as of January 1st, 2020 has had no significant impact on the Company's financial statements.

<u>Standards and interpretations issued but not yet effective as of December 31st, 2020:</u>

The following new International Financial Reporting Standards together with their Interpretations had been published at the date of preparation of the accompanying financial statements, but are not mandatory as of December 31st, 2020. Although in some cases the International Accounting Standards Board ("IASB") allows early adoption before their effective date, the Company has not proceeded with this option for any such new standards.

- IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Modifications - IBOR reform: On August 27th, 2020, the IASB issued the second phase of the IBOR reform that involves the introduction of amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, to ensure that the financial statements reflect the economic effects of the IBOR reform. The amendments focus on the accounting for financial instruments once a new benchmark has been introduced.

  Such modifications introduce the practical simplification of accounting for changes in the cash flows of the financial instruments directly caused by the IBOR reform and, if they take place under an "economically equivalent" context, through the effective interest rate of the financial instrument update. Similarly, a practical simplification will be applied to IFRS 16 "Leases" for leases, when accounting for modifications in lease agreements as a consequence of the IBOR reform. Additionally, some exemptions to the hedging requirements are introduced so as not to discontinue certain hedging relationships. However, similar to the phase 1 amendments, these phase 2 amendments do not provide exceptions to the valuation requirements applicable to hedged items and hedging instruments in accordance with IFRS 9 or IAS 39. Thus, once the new benchmark has been implemented, the hedged items and hedging instruments must be valued according to the new index, and any possible ineffectiveness that may exist in the hedge will be recognized in profit or loss. On the other hand, new disclosures are introduced.

  These modifications introduced in the second phase of the reform will be mandatory as of January 2021, with possible early adoption. On January 13th, 2021, the European Commission has endorsed the aforementioned modifications. No significant impact on the Company's financial statements is expected.

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

  - the fulfilment cash flows, that comprises the estimate of future cash flows, an adjustment to reflect the time value of money and the financial risk associated with the future cash flows and a risk adjustment for non-financial risk; and

  - the contractual service margin that represents the unearned profit.

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

  This Standard will be applied to the accounting years starting on or after January 1st, 2022. No significant impact on the Company's financial statements is expected.

- Amendments to IFRS 4 Insurance Contracts: The amendment to IFRS 4 includes a deferral in the temporary exception option regarding the application of IFRS 9 for entities whose business model is predominantly an insurance model until January 1st, 2023, aligning it with the entry into force of the IFRS 17 Insurance Contracts rule. This modification will be applicable from January 1st, 2021. No significant impact on the Company's financial statements is expected.

3. Risk Exposure

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

- Credit risk: Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. In accordance with IFRS 7 "Financial Instruments: Disclosures", the breakdown of the credit risk by financial instruments as of December 31, 2020 and 2019 is as follows:

	U.S. Dollars	
	2020	2019
Cash and cash equivalents (Note 8)	2,890,932	2,659,381
Short and Long term assets due from Parent (Notes 4 and 8)	202,695,015	202,707,122
Total	**205,585,947**	**205,366,503**

  As of December 31st, 2020 and 2019 there were no impaired assets nor past due. The counterparty of all financial assets was Banco Bilbao Vizcaya Argentaria, S.A., the Parent entity of the Company, financial entity with high credit rating estimated by external agencies.

- Market risks: These are defined as the risks arising from the maintenance of financial instruments whose value may be affected by changes in market conditions. It includes three types of risk:

  - Interest rate risk: This risk arises as a result of changes in market interest rates. Changes in interest rates affect the interest received from deposits and the interest paid on issues equally. Therefore, the changes in interest rates offset each other.

  - Foreign exchange risk: This is the risk resulting from variations in foreign exchange rates. Since the funds obtained by the Company from the issues are invested in deposits in the same currency, the exposure to currency risk is not relevant. Changes in foreign exchange rates affect face value and interests from deposits and face value and interests paid on issues equally. Therefore, the changes in foreign exchange rates offset each other.

  - Price risk: This is the risk resulting from variations in market prices, either due to factors specific to the instrument itself, or alternatively to factors which affect all the instruments traded on the market. The fair value of the issues launched does not differ significantly from the fair value of the deposits since their features (amount, term and interest rate) are the same.

  - Equity risk: This arises as a result of movements in share prices. This risk is generated in spot positions in derivative products whose underlying asset is a share or an equity index. Changes in share prices affect face value and payments of derivatives and face value and interests paid on issues equally. Therefore, the changes in share prices offset each other.

- Liquidity risk: This is the possibility that a company cannot meet its payment commitments duly, or, to do so, must resort to borrowing funds under onerous conditions, or risking its image and the reputation of the entity. The Company obtains the liquidity required to meet interest payments and the redemption of the outstanding Notes from deposits on the issues arranged with Banco Bilbao Vizcaya Argentaria, S.A. The liquidity to meet the interest payments on the debt securities is derived from interest earned on BBVA deposits, which have similar maturities. The breakdown of the deposits and issues by maturities as of December 31st, 2020 and 2019 is as follows:

December 31, 2020	**Demand**	**Up to 1 Year**	**1 to 3 Years**	**3 to 5 Years**	**Over 5 Years**	**Total**
ASSETS:						
Non-current assets						
Long term assets due from Parent (Notes 2.c, 4 and 8)	-	-	-	194,678,000	-	**194,678,000**
Current assets						
Short term assets due from Parent (Notes 2.c, 4 and 8)	-	8,017,015	-	-	-	**8,017,015**
Cash and cash equivalents (Note 8)	2,890,932	-	-	-	-	**2,890,932**
LIABILITIES:						
Long-Term liabilities						
Long term bonds and notes (Notes 2.c, 5 and 8)	-	-	-	199,069,082	-	**199,069,082**
Short-Term liabilities						
Short term bonds and notes (Notes 2.c and 5)	-	1,166,667	-	-	-	**1,166,667**
Other accrual accounts	-	12,722	-	-	-	**12,722**

December 31, 2019	**Demand**	**Up to 1 Year**	**1 to 3 Years**	**3 to 5 Years**	**Over 5 Years**	**Total**
ASSETS:						
Non-current assets						
Long term assets due from Parent (Notes 2.c, 4 and 8)	-	-	-	-	194,678,000	**194,678,000**
Current assets						
Short term assets due from Parent (Notes 2.c, 4 and 8)	-	8,029,122	-	-	-	**8,029,122**
Cash and cash equivalents (Note 8)	2,659,381	-	-	-	-	**2,659,381**
LIABILITIES:						
Long-Term liabilities						
Long term bonds and notes (Notes 2.c, 5 and 8)	-	-	-	-	198,891,323	**198,891,323**
Short-Term liabilities						
Short term bonds and notes (Notes 2.c and 5)	-	1,166,667	-	-	-	**1,166,667**
Other accrual accounts	-	11,521	-	-	-	**11,521**

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

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

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

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

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

  On March 11th, 2020, the World Health Organization declared an outbreak of the coronavirus, referred to as the COVID-19 pandemic due to its rapid spread worldwide. This situation continues to significantly affect the global economy, due to the interruption or slowing down of supply chains and the significant increase in economic uncertainty as portrayed by an increase in the volatility of asset prices and exchange rates as well as a decrease in long-term interest rates.

  Many organizations and governments have implemented restrictive measures to contain the spread, which includes, amongst others, isolation, confinement, quarantine periods, restriction of free movement, closure of public and private premises, except those which are considered essential such as health services, closure of borders and drastic reduction of air, sea, rail and land transport. In December 2020, the vaccination process began worldwide to which different countries are progressing at different rates. In Spain, the Government approved Royal Decree 956/2020, of November 3, declaring a state of alarm for the second time since the pandemic began in order to contain the spread of infections caused by SARS-CoV-2, to mitigate the economic and social impacts of this crisis in the different geographies where the Group operates as well as the establishment of social support measures and public spending by the authorities.

  Presented with this pandemic situation and given the Company's activity, the risks must be analyzed within the Group in which it operates. For this matter, BBVA Group has focused its attention on ensuring continuity in the operational security of the business as a priority and monitoring the impacts on the business and the Group's risks (such as impacts on results, capital or liquidity). Additionally, BBVA Group adopted a series of measures to support its main stakeholders from the beginning. This way, the Group's long-term strategic purpose and priorities remain the same and are even reinforced with its commitment to technology and data-based decision making. Due to the current situation, the estimates made by the Company as of December 31st, 2020 have been made based on the best information available on the events analyzed. Likewise, the Company's Directors have concluded that the going concern principle continues to be applied in the formulation of the following annual accounts (see Note 2.b).

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

CORPORATE GOVERNANCE RISK SYSTEM

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

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

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

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

TOOLS, CIRCUITS AND PROCEDURES

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

INTERNAL CONTROL MODEL

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

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

4. Short and long term assets due from Parent

The detail of the balances of this caption in the accompanying statements of financial position is as follows:

	U.S. Dollars		Average Interest Rate	
	2020	2019 (*)	2020	2019 (*)
Assets due from Parent:				
Short term BBVA Deposit (**)	6,801,630	6,813,737	1.0279%	2.6570%
BBVA Deposits from Subordinated Notes Programme (***)	195,893,385	195,893,385	7.25%	7.25%
	202,695,015	**202,707,122**		

(*) Presented for comparison purposes.

(**) Deposits with quarterly maturity and variable interest rate linked to Libor 3M. Average interest rate for each year.

(***) Present similar interest rates as the related notes whose proceeds were over the deposits (See Note 5).

As of December 31, 2020 and 2019 the breakdown term of the abovementioned assets is as follows:

December 31, 2020

	U.S. Dollars		
	Short term	Long term	Total
BBVA Deposit	6,801,630	-	6,801,630
Subordinated Notes Programme	1,215,385	194,678,000	195,893,385
	8,017,015	**194,678,000**	**202,695,015**

December 31, 2019

	U.S. Dollars		
	Short term	Long term	Total
BBVA Deposit	6,813,737	-	6,813,737
Subordinated Notes Programme	1,215,385	194,678,000	195,893,385
	8,029,122	**194,678,000**	**202,707,122**

The corresponding interest income for 2020 and 2019 was U.S.$ 14,381,027 and U.S.$ 14,532,471 respectively and are recorded in the "Interest income from Parent" caption in the accompanying statements of comprehensive income for the years ended December 31, 2020 and 2019 (see Note 8).

As of December 31, 2020 and 2019, the currency of the deposits was U.S. dollars.

5. Notes

In 2000, as consequence of the merger between Banco Bilbao Vizcaya, S.A. ("BBV") and Argentaria, Caja Postal y Banco Hipotecario, S.A. ("Argentaria"), and in order to reorganize the finance subsidiaries in the Banco Bilbao Vizcaya Argentaria Group, the Company substituted all the Argentaria Group issuers as issuer of all senior Notes issued and outstanding. Notes issued on and after April 27, 2000 and the Substituted Notes are guaranteed by BBVA.

On March 23, 2010, the Board of Directors approved the substitution by the Company as issuer of the relevant issues of other Banco Bilbao Vizcaya Argentaria Group.

As of December 31, 2020 and 2019, the Company has the following guaranteed subordinated issues:

Issue	Date of Issuance	Issue Amount Nominal	Interest Rate	Amortized cost U.S. Dollars Outstanding at (***)	
				2020	2019 (*)
1 Fixed Rate Notes due 2025 (**)	1995	USD 200,000,000	7.00%	200,235,749	200,057,990
				200,235,749	**200,057,990**

(*)Presented only for comparison purposes.
(**) The maturity date of these Notes is December 1, 2025. These Notes are not listed on any stock exchange market.
(***) Includes short-term accrued interests.

The interest expense for 2020 and 2019 was U.S.$ 14,315,503 and U.S.$ 14,403,333 respectively, and are recorded in the "Interest expense to note holders" caption in the accompanying statements of comprehensive income for the years ended December 31, 2020 and 2019.

The fair value of the nominal value as of December 31, 2020 and 2019, as described hereafter (Level 1):

	2020 (%)	**2019 (%)**
1 Fixed Rate Notes due 2025	119.43%	116.60%

Given that the Company deposits the proceeds received from its issuance in short and long terms assets due from Parent Company with similar conditions, the fair value of the that assets is similar to the issuances linked. The fair value hierarchy of these deposits are level 2 in 2020 and 2019.

No financial instruments have been transferred between the different levels of measurement during 2020 and 2019.

6. Shareholder's equity

Issued Share Capital

The issued share capital as of December 31, 2020 and 2019 is $ 1,000 divided into 10 shares of a nominal or par value of $ 100 each. All outstanding shares are wholly owned by Banco Bilbao Vizcaya Argentaria, S.A.

7. Auditor's remuneration

The "General and administrative expenses" caption in the accompanying statements of comprehensive income for the year ended December 31, 2020 includes the fee paid to the auditor, KPMG Auditores, S.L., for the audit of the financial statements for the year ended 31 December 2020, amounting to EUR 20,735

(U.S.$ 23,675). In that year, the auditor of the accompanying financial statements of the Company did not perform or invoice any work other than of the audit.

8. Related party transactions

The detail of the main balances and transactions made by the Company on an arm's length basis with other companies belonging to the BBVA Group as of December 31st, 2020 and 2019, respectively, correspond with balances and transactions with the sole-shareholder, Banco Bilbao Vizcaya Argentaria, S.A., and are as follows:

	2020	2019
BALANCE SHEET:		
Assets-		
Long term assets due from Parent (Notes 2.c, 3 and 4)	194,678,000	194,678,000
Short term assets due from Parent (Notes 2.c, 3 and 4)	8,017,015	8,029,122
Cash and cash equivalents (Note 3)	2,890,932	2,659,381
Liabilities-		
Long term bonds and notes (Notes 2.c and 5)	54,266	54,625
INCOME STATEMENT:		
Income/(Expenses)-		
Interest income from Parent (Note 4)	14,381,027	14,532,471
Interest expense to note holders (Note 5)	(131,531)	(131,172)
General and administrative expenses	(150)	(267)

9. Subsequent events

From December 31, 2020 to the date of preparation of these financial statements, no other subsequent events not mentioned above in these financial statements have taken place that significantly affect the Company's earnings or its equity position.

10. Approval of the financial statements

The Board of Directors prepared the 2020 financial statements as of April 19, 2021.

The 2020 financial statements of the Company have not yet been approved by the shareholder at the respective Annual General Meeting. However, the Company´s Board of Directors considers that the aforementioned financial statements will be approved without any changes.

The BBVA Group´s consolidated financial statements for 2020 will be approved at the Annual Shareholder´s General meeting to be held in Bilbao, Spain, on April 20, 2021.

BBVA Global Finance Limited

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

Directors´ report for the year ended December 31, 2020

During 2020, the Company didn´t issue any Notes.

The issued and outstanding subordinated debt securities are guaranteed by its sole Shareholder: Banco Bilbao Vizcaya Argentaria, S.A.

The Company is managed by Parent´s personnel, and as a result of that, the Company does not have any personnel expenses.

Statement of comprehensive income

In 2020, the profit for the year amounted to $ U.S. 40,484.

The financial revenues amounted to $ U.S. 14,381,027 and the interest expense amounted to $ U.S. 14,315,503 in 2020.

In addition, in 2020, the general and administrative expenses amounted to $ U.S. 23,824 and the exchange losses amounted to $ U.S. 1,216.

Distribution of result

The distribution of the Company's profit for the year ended 2020 that will be proposed by the Board of Directors to the sole shareholder is as follows:

	U.S. Dollars
Net Profit for the year	40,484
	40,484
Distribution to:	
Retained earnings	40,484
	40,484

Treasury shares

At December 31, 2020, the Company had no treasury shares or shares of its Parent, Banco Bilbao Vizcaya Argentaria, S.A. and had not performed any treasury share transactions during the year.

Risk Exposure

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

- Credit risk: Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. In accordance with IFRS 7 "Financial Instruments: Disclosures", the maximum credit risk exposure in the balance sheet as of December 31st, 2020, and 2019, amounted to U.S. $ 205,585,947 and U.S. $ 205,366,503, respectively.

  As of December 31st, 2020 and 2019 there were no impaired assets nor past due. The counterparty of all financial assets was Banco Bilbao Vizcaya Argentaria, S.A., the Parent entity of the Company, financial entity with high credit rating estimated by external agencies.

- Market risks: These are defined as the risks arising from the maintenance of financial instruments whose value may be affected by changes in market conditions. It includes three types of risk:

  - Interest rate risk: This risk arises as a result of changes in market interest rates. Changes in interest rates affect the interest received from deposits and the interest paid on issues equally. Therefore, the changes in interest rates offset each other.

  - Foreign exchange risk: This is the risk resulting from variations in foreign exchange rates. Since the funds obtained by the Company from the issues are invested in deposits in the same currency, the exposure to currency risk is not relevant. Changes in foreign exchange rates affect face value and interests from deposits and face value and interests paid on issues equally. Therefore, the changes in foreign exchange rates offset each other.

  - Price risk: This is the risk resulting from variations in market prices, either due to factors specific to the instrument itself, or alternatively to factors which affect all the instruments traded on the market. The fair value of the issues launched does not differ significantly from the fair value of the deposits since their features (amount, term and interest rate) are the same.

  - Equity risk: This arises as a result of movements in share prices. This risk is generated in spot positions in derivative products whose underlying asset is a share or an equity index. Changes in share prices affect face value and payments of derivatives and face value and interests paid on issues equally. Therefore, the changes in share prices offset each other.

  - Liquidity risk: This is the possibility that a company cannot meet its payment commitments duly, or, to do so, must resort to borrowing funds under onerous conditions, or risking its image and the reputation of the entity. The Company obtains the liquidity required to meet interest payments and the redemption of the outstanding Notes from deposits on the issues arranged with Banco Bilbao Vizcaya Argentaria, S.A. The liquidity to meet the interest payments on the debt securities is derived from interest earned on BBVA deposits, which have similar maturities.

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

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

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

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

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

  On March 11th, 2020, the World Health Organization declared an outbreak of the coronavirus, referred to as the COVID-19 pandemic due to its rapid spread worldwide. This situation continues to significantly affect the global economy, due to the interruption or slowing down of supply chains and the significant increase in economic uncertainty as portrayed by an increase in the volatility of asset prices and exchange rates as well as a decrease in long-term interest rates.

  Many organizations and governments have implemented restrictive measures to contain the spread, which includes, amongst others, isolation, confinement, quarantine periods, restriction of free movement, closure of public and private premises, except those which are considered essential such as health services, closure of borders and drastic reduction of air, sea, rail and land transport. In December 2020, the vaccination process began worldwide to which different countries are progressing at different rates. In Spain, the Government approved Royal Decree 956/2020, of November 3, declaring a state of alarm for the second time since the pandemic began in order to contain the spread of infections caused by SARS-CoV-2, to mitigate the economic and social impacts of this crisis in the different geographies where the Group operates as well as the establishment of social support measures and public spending by the authorities.

Presented with this pandemic situation and given the Company's activity, the risks must be analyzed within the Group in which it operates. For this matter, BBVA Group has focused its attention on ensuring continuity in the operational security of the business as a priority and monitoring the impacts on the business and the Group's risks (such as impacts on results, capital or liquidity). Additionally, BBVA Group adopted a series of measures to support its main stakeholders from the beginning. This way, the Group's long-term strategic purpose and priorities remain the same and are even reinforced with its commitment to technology and data-based decision making. Due to the current situation, the estimates made by the Company as of December 31st, 2020 have been made based on the best information available on the events analyzed. Likewise, the Company's Directors have concluded that the going concern principle continues to be applied in the formulation of the following annual accounts.

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

CORPORATE GOVERNANCE RISK SYSTEM

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

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

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

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

TOOLS, CIRCUITS AND PROCEDURES

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

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Specialized Units (Risks, Compliance, Accounting and Consolidation, Legal Services), the Internal Control Function and Operational Risk and Internal Audit.

Research and development

The Company did not have any research and development expenses.

Subsequent events

From December 31, 2020 to the date of preparation of these financial statements, no other subsequent events not mentioned above in these financial statements have taken place that significantly affect the Company's earnings or its equity position.

Outlook

The Company will focus its strategy for the coming years, integrated on the strategy of the Group Banco Bilbao Vizcaya Argentaria, on managing the Issued Subordinated debt securities.

WRITTEN RESOLUTION OF ALL THE DIRECTORS OF BBVA GLOBAL FINANCE LIMITED (a wholly owned subsidiary of Banco Bilbao Vizcaya Argentaria, S. A.)

Financial Statements for the year ended December 31st, 2020 together with Management Report had been approved by the Board of Directors of BBVA GLOBAL FINANCE LIMITED (a wholly owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A.) as of April 19, 2021, including Statements of Financial Position, Statements of Comprehensive Income, Statements of Changes in Shareholder´s Equity, Cash Flow Statements, from pages 1 to 4, and the Explanatory Notes to the financial statements, from pages 5 to 15, and the Director`s report, pages 16 to 19.

Signed by the Board of Directors of BBVA GLOBAL FINANCE LIMITED (a wholly owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A.) as of April 19, 2021.

Antonio Borraz Peralta
Chairman

Ignacio Echevarría Soriano
Director