

Long-Term Issuer Rating: A-
Outlook: stable

Short-Term Rating: L2

Preferred Sen. Unsec. Debt: A-
Non-Preferred Sen. Unsec. Debt: BBB+
Tier 2 Capital: BBB-
AT1 Capital: BB

06 December 2022

Rating Action:

Creditreform Rating confirms BBVA's (Group) long-term issuer rating at 'A-' (Outlook: stable)

Creditreform Rating (CRA) has confirmed BBVA's long-term issuer rating at 'A-' and the short-term rating at 'L2'. The rating outlook is stable. At the same time, we confirm BBVA's 'preferred senior unsecured' debt at 'A-' and the non-preferred senior unsecured debt at 'BBB+'. In addition, we affirm the Tier 2 capital at 'BBB-' and AT1 capital at 'BB'.

Please find a complete list of rating actions regarding the bank and its affected subsidiaries at the end of this rating update.

Key Rating Driver

CRA has revised the rating of BBVA and its bank capital and debt instruments as a result of its periodic monitoring process for the following reasons:

- Large O-SII with significant net profit increase in 2021
- Strong improvements of its earnings ratios; ROE, RORWA and ROA are above average
- Considerable rise in operating expenses led to an increase of its cost income ratio
- Due to the sale of BBVA USA slight improvement of RWA ratio; However, ongoing worsening of Stage 2 ratio and overall still moderate asset quality
- Increase of all capital ratios due to the decrease of its RWA

Company Overview

Banco Bilbao Vizcaya Argentaria S.A. (hereafter: BBVA, bank or the Group) is a banking group whose roots date back to 1857. BBVA was formed from a merger of Banco de Bilbao and Banco de Vizcaya in 1988 (to BBV), and Argentaria (*Corporación Bancaria de España*) in 1999. The bank has its registered address in Bilbao, whereas the headquarters are in Madrid. Moreover, BBVA is one of the largest financial institutions in Spain and Mexico. The Group is considered as an "other systemically important institution" and must therefore comply with additional regulatory requirements. With 110,432 employees (as of December 2021) and 6,083 branches (thereof 1,895 in Spain and 1,716 in Mexico), the Group serves approximately 82 million customers.

BBVA operates as a global universal bank with activities in the insurance sector and a focus on the customer retail business, as well as on the wholesale business. The Group operates in more than 25 countries and is primarily active in Europe and in North- and South America. BBVA is divided into the following operating segments: *Spain (which includes the former segment Non-Core Real Estate)*, *Mexico*, *Turkey*, *South America*, *Rest of Business* and the *Corporate Center*.

The segment *Spain* includes BBVA's banking and insurance activities in Spain. The *Corporate Center* corresponds to the Group's holding functions and includes the costs of the head offices that have a corporate function and other administrative services. The segment *Rest of Business* mainly incorporates the wholesale activities carried out in Europe (excl. Spain) and in the United States (reclassified following the sale of BBVA USA), as well as the banking business developed through BBVA's five branches in Asia. The remaining segments include BBVA's activities in the

Analysts

Tobias Stroetges
t.stroetges@creditreform-rating.de
Lead-Analyst

Philipp J. Beckmann
p.beckmann@creditreform-rating.de
Senior Analyst

Christian Konieczny
c.konieczny@creditreform-rating.de
Person Approving Credit Ratings

Neuss, Germany

respective geographical regions, and comprise the retail banking business as well as the insurance activities and wholesale business.

The Group has evolved its strategy and has defined six priorities as part of its transformation journey, which it currently focuses on. These priorities include improving customer financial health, support clients at transition towards a sustainable future, reach more clients through digital channels, driving operational excellence with automated processes and foster the Group's data and technology use.

BBVA's shareholder structure is diversified. Most of the Group's shares are free floating and the most significant shareholders are currently BlackRock Inc. with 5.92% and GQG Partners LLC with 3.10% (end of 2021).

The main subsidiaries and investments with BBVA's total legal shares are as follows:

Chart 1 Main subsidiaries and investments of BBVA as of 2021 excl. USA | Source: Annual Report 2021 of BBVA



BBVA's main transactions in recent year are as follows:

In November 2021, BBVA declared a voluntary takeover bid addressed to the shares of Garanti, which are not controlled by BBVA (50.15% of total share capital). BBVA submitted an application to the Capital Markets Board of Turkey (CMB) and stated a maximum amount payable by BBVA of approximately €1.6 billion USD. As of 31.12.2021, the transaction estimated to have a maximum impact of minus 32BP in the fully loaded CET1 ratio and a roughly 2% accretion to its book value per share, given that all shareholders of Garanti accept the offer.

Furthermore, closing of the sale of BBVA USA Bancshares Inc. (owns all the capital stock of BBVA USA, as well as other companies of the BBVA Group in the United States) for about 11.5 billion USD in June 2021, which leads to a positive results (net of taxes) of about €582 million. However, BBVA will continue to develop the wholesale business that it currently carries out through its branch in New York. This transaction had a positive impact on BBVA Group's CET 1 ratio of about 294bp.

Moreover, BBVA sold BBVA Paraguay for approximately \$250 million, which generated a capital loss, net of taxes, of approximately €9 million (closing in January 2021).

Rating Considerations and Rationale

BBVA's credit rating confirmation was primarily driven by its strong growth in 2022 while maintaining consistently high profitability. At the same time, we see increasing pressure on asset quality in the coming years of BBVA.

Profitability

BBVA was able to improve its profitability significantly as compared to 2020, recovering from the Corona crisis, as well as improving its profitability to the ordinary fiscal year 2019. Meanwhile, operating income increased slightly from €21.8bn to €23.1bn in 2021, where net interest income as the major source of the operating income grew moderately due to the good performance in South America, Turkey and Mexico. Furthermore, net fee & commission income rose noteworthy from €4.1bn to €4.8bn in 2021, driven mainly by an increase of activity and higher fees from payment systems, deposits and asset management. However, operating expenses predominantly driven by personnel expenses and other expenses increased significantly due to an environment of activity recovery and high inflation, which offset almost the entire increase in income. Nonetheless, because of the sharp decline in impairment/ cost of risk BBVA enhanced its net profit dramatically from €2.1bn in 2020 to €5.6bn in 2021. As a result, the bank's earnings ratios improved considerably with an ROE from 4.1% to 11.5%, a ROA from 0.3% to 0.9% and a RORWA from 0.6% to 1.8%, where all three ratios are above average. On the other hand, its CIR worsened slightly from 53.9% to 55.8% due to the strong increase in operating expenses. The significant increase in net profit is therefore mostly attributable to negative one-time effects impacting the previous year and less from the operating improvements.

As of June 2022 net interest income as the main source of income increased by 22.9% YOY due to the strong results in the business areas Turkey, Mexico and South America. Further, net fee & commission income rose by 14.5% YOY mainly driven by increased banking activity and higher fees from payment systems and deposits. Operating expenses increased significantly by 9.9% YOY, which is attributable to high inflation in the business areas. However, due to the additional fact that BBVA's cost of risk/impairment decreased dramatically, net profits increased remarkably YOY. As a result, all earnings ratios improved YOY.

Asset Situation and Asset Quality

In a risk environment that is recovering slightly from the covid crisis in BBVA's markets, asset quality remained largely unchanged. The bank's NPL-ratio (stage 3 loans over net loans to customer) dropped from 4.2% to 4.1%, which represents an average level. However, the potential problem loan ratio (stage 2 loans over net loans to customers) deteriorated moderately from 9.8% to 10.7 % while the ratio of Reserves over NPL decreased from 82.8% to 76%. The latter is attributable to the strong reduction of Reserves with respect to BBVA's NPL-management, where an increase in NPL write offs was achieved. Nonetheless, it is still an above average ratio. Moreover, with the onset of the economic recovery in Spain, which accounts for around 42 percent of the bank's exposures, the bank was able to reduce its asset write-downs significantly, although the bank's performance on this metric can still be considered below average. With respect to its total assets and RWA ratio it can be stated that reduction of total assets due to the

sale of BBVA USA was relatively less than the decline of its total RWA, which led to a slight reduction of the RWA ratio from 47.9% to 46.4%. In Addition, we consider the steady reduction of its RWA since 2019 to be positive.

As of June 2022 BBVA´s NPL ratio decreased marginally to 4%, which is mainly attributable to the strong increase in customer loans. Moreover, BBVA was able to hold its RWA ratio stable, while total assets and its RWA exposure increased significantly. For next year, we expect higher NPL-and write-off ratios in the main geographical business areas of BBVA.

Refinancing, Capital Quality and Liquidity

As total assets decreased due to the sale of BBVA USA more than total equity, the total equity ratio increased moderately to 7.4%, which is a slight above average ratio. With respect to its capital ratios, the bank´s CET1 ratio climbed from 11.7% to 12.8% as RWA contraction outpaced the small decrease of CET1 capital. Additionally, it is above its pre-covid level. Coming from this, BBVA holds in 2021 a CET1 buffer to its SREP minimum requirements of 4.2%, which has potential. Furthermore, the bank exhibits a notable increase of its T1 ratio from 13.6% to 14.6% and its Total Capital ratio from 15.9% to 17% though it decreased his AT1 and T2 capital. Overall, BBVA managed to improve all capital ratios since 2019, but still exhibits below average capital ratios. With regard to the liquidity situation, it is slight above average with a liquidity coverage ratio significantly above the previous year´s level at 165% and a NSFR of 135%.

As of June 2022 BBVA´s CET1 ratio decreased marginally to 12.5%, whereas it´s T1 Ratio and total capital ratio decreased to 14.0% and 16.1% respectively. The declines are mainly driven by the takeover bid for Garanti BBVA, the purchase of new office properties and the early redemption of an AT1 issue with a total nominal amount of €500 million. With a liquidity coverage ratio of 170% and a NSFR of 134%, BBVA´s liquidity position remains stable.

Environmental, Social and Governance (ESG) Score Card

BBVA has one significant and two moderate ESG rating drivers

- Corporate Governance is identified as a significant rating driver. The relevance for the credit rating results from the impact of the corporate governance factor on all other ESG factors and the overall well-being of the bank. This sub-factor is rated positive due to BBVA's strong and sustainable earning figures, the widespread ESG policies and its ambitious ESG targets.

- Corporate Behaviour and Green Financing / Promoting are identified as moderate rating driver. While Green Financing / Promoting is rated neutral due to relatively low amount of green bonds despite the issue of a green AT1 bond, Corporate Behaviour is rated neutral due the misconduct in recent years in relation with money laundering and the corruption investigations.

**ESG
Bank Score**

3,8 / 5

Score Guidance	
> 4,25	Outstanding
>3,5 - 4,25	Above-average
>2,5 - 3,5	Average
>1,75 - 2,5	Substandard
<= 1,75	Poor

Factor	Sub-Factor	Consideration	Relevance Scale 2022	Eval.
Environmental	1.1 Green Financing / Promoting	The sub-factor "Green Financing/Promoting" has a moderate relevance for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	3	()
	1.2 Exposure to Environmental Factors	The sub-factor "Exposure to Environmental Factors" has a low relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	2	(+)
	1.3 Resource Efficiency	The sub-factor "Resource Efficiency" has no significant relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	1	(+)

Social	2.1 Human Capital	The sub-factor "Human Capital" has low relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	2	(+)
	2.2 Social Responsibility	The sub-factor "Social Responsibility" has no significant relevance for the credit rating, and is rated very positive in terms of the CRA ESG criteria.	1	(+ +)

Governance	3.1 Corporate Governance	The sub-factor "Corporate Governance" is highly relevant for the credit rating, and is rated positive in terms of the CRA ESG criteria.	4	(+)
	3.2 Corporate Behaviour	The sub-factor "Corporate Behaviour" has a moderate relevance for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	3	()
	3.3 Corporate Transparency	The sub-factor "Corporate Transparency" has no significant relevance for the credit rating, and is rated very positive in terms of the CRA ESG criteria.	1	(+ +)

ESG Relevance Scale	
5	Highest Relevance
4	High Relevance
3	Moderate Relevance
2	Low Relevance
1	No significant Relevance

ESG Evaluation Guidance	
(+ +)	Strong positive
(+)	Positive
()	Neutral
(-)	Negative
(- -)	Strong negativ

The ESG Score is based on the Methodology "Environmental, Social and Governance Score of Banken (Version 1.0)" of Creditreform Rating AG, which is available on our homepage <https://creditreform-rating.de/en/about-us/regulatory-requirements.html>. In addition, we refer to CRA's position paper "Considering the Impact of ESG Factors".

Outlook

The outlook of the Long-Term Issuer Rating of BBVA is 'stable'. In the medium term, CRA expects sustained revenue growth and a stable profitability. In the short term, higher NPLs rates will lead to increasing net write-downs for BBVA's substantial lending business. Asset quality and capital ratios (due to RWAs) will strongly depend on the economic development in Spain and Mexico.

Scenario Analysis

In a scenario analysis, the bank is able to reach an "A" rating in the "best case" scenario and an "BBB+" rating in the "worst case" scenario. The ratings of bank capital and senior unsecured debt would behave similarly based on our rating mechanism. These ratings are especially sensitive to changes in total equity and to the bank capital and debt structure in general.

We might upgrade BBVA's long-term issuer credit rating and its bank capital and debt instruments if we see that BBVA is able to continue to grow in the lending business while maintaining the same NPLs and write-off ratios. The growth in customer business should also lead to higher earnings. In addition, a significant improvement of BBVA capital ratios might lead to an upgrade as well.

By contrast, a downgrade of the BBVA's long-term issuer credit rating and its bank capital and debt instruments is likely if we see a lasting decline of BBVA's profitability and a reduction of the banks' capital ratios. In particular, we will observe the ongoing Economic development in Spain and Mexico and the impact on BBVA's asset quality and its business activities in general.

Best-case scenario: A
Worst-case scenario: BBB+
Please note:

The scenarios are based on information available at the time of the rating. Within the forecast horizon, circumstances may occur that could lead to a change of the rating out of the indicated range.

CRA's rating actions at a glance

Banco Bilbao Vizcaya Argentaria S.A. (Group):

- Long-Term Issuer Rating affirmed at 'A-', stable outlook
- Short-term rating affirmed to 'L2'
- Preferred senior unsecured debt affirmed at 'A-'
- Non-preferred senior unsecured debt affirmed at 'BBB+'
- Tier 2 capital affirmed at 'BBB-'
- AT1 capital affirmed at 'BB'

Ratings Detail

Bank ratings

The bank ratings are dependent on a host of quantitative and qualitative factors. An improvement in either sub-category may result in a higher rating score.

LT Issuer / Outlook / Short-Term **A- / stable / L2**

Bank Capital and Debt Instruments Ratings

The ratings for bank capital and debt instruments are inter alia dependent on subordination and relative size of the instrument class, based on the long-term issuer rating of the bank.

Preferred senior unsecured debt (PSU): **A-**

Non-preferred senior unsecured debt (NPS): **BBB+**

Tier 2 (T2): **BBB-**

Additional Tier 1 (AT1): **BB**

Rating History

Please consult our website www.creditreform-rating.de for additional information regarding the dates of publication.

Figure 1: Rating History

Bank Issuer Rating	Rating Date	Result
Initialrating	22.06.2018	A- / stable / L2
Update	15.07.2019	A- / stable / L2
Monitoring	24.03.2020	A- / NEW / L2
Update	06.10.2020	BBB+ / stable / L3
Update	22.10.2021	A- / stable / L2
Update	06.12.2022	A- / stable / L2
Bank Capital and Debt Instruments	Rating Date	Result
Senior Unsecured / T2 / AT1 (Initial)	22.06.2018	A- / BBB- / BB+
PSU / NPS / T2 / AT1	15.07.2019	A- / BBB+ / BBB- / BB
PSU / NPS / T2 / AT1 (NEW)	24.03.2020	A- / BBB+ / BBB- / BB
PSU / NPS / T2 / AT1	06.10.2020	BBB+ / BBB / BB+ / BB
PSU / NPS / T2 / AT1	22.10.2021	A- / BBB+ / BBB- / BB
PSU / NPS / T2 / AT1	06.12.2022	A- / BBB+ / BBB- / BB

Appendix

Figure 2: Group income statement¹ | Source: eValueRate / CRA

Income Statement (EUR m)	2021	%	2020	2019	2018
Income					
Net Interest Income	14.686	+0,6	14.592	15.789	17.592
Net Fee & Commission Income	4.765	+15,6	4.123	4.501	4.879
Net Insurance Income	908	-7,1	977	1.139	1.055
Net Trading & Fair Value Income	1.911	+23,6	1.546	1.286	1.224
Equity Accounted Results	1	< -100	-39	-42	-7
Dividends from Equity Instruments	176	+28,5	137	152	157
Other Income	683	+38,8	492	675	1.085
Operating Income	23.130	+6,0	21.828	23.500	25.985
Expense					
Depreciation and Amortisation	1.552	+0,6	1.543	1.513	1.346
Personnel Expense	5.046	+7,5	4.695	5.351	6.120
Tech & Communications Expense	1.351	+7,2	1.260	1.241	1.368
Marketing and Promotion Expense	207	+11,3	186	250	336
Other Provisions	1.018	+36,5	746	614	373
Other Expense	3.732	+12,1	3.328	3.911	4.830
Operating Expense	12.906	+9,8	11.758	12.880	14.373
Operating Profit & Impairment					
Operating Profit	10.224	+1,5	10.070	10.620	11.612
Cost of Risk / Impairment	3.034	-43,5	5.369	3.598	3.981
Net Income					
Non-Recurring Income	57	-89,6	547	96	815
Non-Recurring Expense	-	-	-	72	-
Pre-tax Profit	7.247	+38,1	5.248	7.046	8.446
Income Tax Expense	1.909	+30,8	1.459	1.943	2.219
Discontinued Operations	280	< -100	-1.729	-758	-
Net Profit	5.618	> +100	2.060	4.345	6.227
Attributable to minority interest (non-controlling interest)	965	+27,6	756	833	827
Attributable to owners of the parent	4.653	> +100	1.305	3.512	5.400

Figure 3: Group key earnings figures | Source: eValueRate / CRA

Income Ratios (%)	2021	%	2020	2019	2018
Cost Income Ratio (CIR)	55,80	+1,93	53,87	54,81	55,31
Cost Income Ratio ex. Trading (CIRex)	60,82	+2,85	57,97	57,98	58,05
Return on Assets (ROA)	0,85	+0,57	0,28	0,62	0,92
Return on Equity (ROE)	11,52	+7,40	4,12	7,91	11,78
Return on Assets before Taxes (ROAbT)	1,09	+0,38	0,71	1,01	1,25
Return on Equity before Taxes (ROEbT)	14,86	+4,37	10,49	12,83	15,97
Return on Risk-Weighted Assets (RORWA)	1,83	+1,24	0,58	1,19	1,79
Return on Risk-Weighted Assets before Taxes (RORWAbT)	2,36	+0,87	1,49	1,93	2,42
Net Financial Margin (NFM)	2,62	+0,01	2,61	2,61	2,97
Pre-Impairment Operating Profit / Assets	1,54	+0,17	1,37	1,52	1,72
Cost of Funds (COF)	1,41	+0,09	1,33	1,96	2,05
Change in %-Points					

¹ Data by our data provider eValueRate, which is standardized for analytical reasons. Thus, the used data and the resulting figures do not have necessary to match the presentation of the bank, which refers to this and all subsequent tables and figures.

Figure 4: Development of assets | Source: eValueRate / CRA

Assets (EUR m)	2021	%	2020	%	2019	%	2018
Cash and Balances with Central Banks	73.480	+2,4	71.729	+47,7	48.578	-21,8	62.137
Net Loans to Banks	10.530	-17,1	12.702	+6,5	11.932	+19,6	9.979
Net Loans to Customers	320.079	+2,5	312.388	-18,6	383.749	+2,1	375.763
Total Securities	143.452	-1,9	146.178	+3,8	140.880	+13,3	124.310
Total Derivative Assets	32.743	-22,5	42.224	+24,2	33.989	+1,7	33.407
Other Financial Assets	53.095	+56,1	34.022	-4,9	35.784	+27,6	28.034
Financial Assets	633.379	+2,3	619.243	-5,4	654.912	+3,4	633.630
Equity Accounted Investments	900	-37,4	1.437	-3,4	1.488	-5,7	1.578
Other Investments	191	-14,0	222	-11,9	252	+54,6	163
Insurance Assets	269	-12,1	306	-10,3	341	-6,8	366
Non-current Assets & Discontinued Ops	1.061	-98,8	85.986	> +100	3.079	+53,9	2.001
Tangible and Intangible Assets	9.304	-6,5	9.946	-40,7	16.782	+9,1	15.380
Tax Assets	15.849	-4,1	16.526	-3,3	17.083	-5,6	18.100
Total Other Assets	1.932	-23,0	2.510	-33,9	3.800	-30,5	5.471
Total Assets	662.885	-10,0	736.176	+5,5	697.737	+3,1	676.689

Figure 5: Development of asset quality | Source: eValueRate / CRA

Asset Ratios (%)	2021	%	2020	2019	2018
Net Loans/ Assets	48,29	+5,85	42,43	55,00	55,53
Risk-weighted Assets/ Assets	46,36	-1,54	47,91	52,30	51,55
NPLs*/ Net Loans to Customers	4,10	-0,10	4,20	3,80	3,90
NPLs*/ Risk-weighted Assets	4,77	+0,61	4,16	4,37	4,69
Potential Problem Loans**/ Net Loans to Customers	10,69	+0,90	9,79	8,69	8,16
Reserves/ NPLs*	76,02	-6,73	82,75	77,89	75,02
Reserves/ Net Loans	3,48	-0,41	3,89	3,24	3,26
Cost of Risk/ Net Loans	0,95	-0,77	1,72	0,94	1,06
Cost of Risk/ Risk-weighted Assets	0,99	-0,54	1,52	0,99	1,14
Cost of Risk/ Total Assets	0,46	-0,27	0,73	0,52	0,59

Change in %-Points

* NPLs are represented by Stage 3 Loans where available.

** Potential Problem Loans are Stage 2 Loans where available.

Figure 6: Development of refinancing and capital adequacy | Source: eValueRate / CRA

Liabilities (EUR m)	2021	%	2020	2019	2018
Total Deposits from Banks	58.542	-5,7	62.053	51.572	54.290
Total Deposits from Customers	349.349	+1,9	342.862	384.700	375.737
Total Debt	59.159	-10,8	66.311	68.619	63.970
Derivative Liabilities	34.331	-22,0	43.998	36.298	34.494
Securities Sold, not yet Purchased	-	-	-	-	-
Other Financial Liabilities	87.395	+22,1	71.563	68.628	67.980
Total Financial Liabilities	588.776	+0,3	586.787	609.817	596.471
Insurance Liabilities	10.865	+9,2	9.951	15.016	12.993
Non-current Liabilities & Discontinued Ops	-	-	75.446	1.554	-
Tax Liabilities	2.413	+2,5	2.355	2.808	3.276
Provisions	5.888	-4,1	6.141	6.538	6.772
Total Other Liabilities	6.183	+12,9	5.476	7.079	4.303
Total Liabilities	614.125	-10,5	686.156	642.812	623.815
Total Equity	48.760	-2,5	50.020	54.925	52.874
Total Liabilities and Equity	662.885	-10,0	736.176	697.737	676.689

Figure 7: Development of capital ratios | Source: eValueRate / CRA

Capital Ratios and Liquidity (%)	2021	%	2020	%	2019	%	2018
Total Equity/ Total Assets	7,36	+0,56	6,79	-1,08	7,87	+0,06	7,81
Leverage Ratio	6,78	+0,09	6,69	-0,11	6,80	+0,23	6,51
Common Equity Tier 1 Ratio (CET1)*	12,75	+1,02	11,73	-0,01	11,74	+0,40	11,34
Tier 1 Ratio (CET1 + AT1)*	14,61	+0,39	13,62	+0,25	13,37	+0,46	12,91
Total Capital Ratio (CET1 + AT1 + T2)*	16,98	+1,07	15,91	+0,50	15,41	-0,04	15,45
SREP/ CET1 Minimum Capital Requirements	8,60	+0,01	8,59	-	-	-	-
MREL / TLAC Ratio	24,65	-	-	-	-	-	-
Net Loans/ Deposits (LTD)	91,62	+0,51	91,11	-8,64	99,75	-0,25	100,01
Net Stable Funding Ratio (NSFR)	135,00	+8,00	127,00	+7,00	120,00	-	-
Liquidity Coverage Ratio (LCR)	165,00	+16,00	149,00	+20,00	129,00	+2,00	127,00
Customer Deposits / Total Funding (excl. Derivates)	60,25	+6,86	53,39	-10,04	63,43	-0,33	63,76
Interbank Ratio	17,99	-2,48	20,47	-2,67	23,14	+4,76	18,38
Change in %-Points							

* Fully-loaded where available

Regulatory

Creditreform Rating AG was neither commissioned by the rating object nor by any other third party for the rating. The analysis took place on a voluntary basis by Creditreform Rating AG and is to be described in the regulatory sense as an unsolicited rating. The following scheme clarifies the level of participation of the rated entity (rating object):

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation	No
With Access to Internal Documents	No
With Access to Management	No

The rating is based on publicly available information and internal evaluation methods for the rated bank. The quantitative analysis is based mainly on the latest annual accounts, interim reports, other investor relations information of the bank, and calculated key figures by eValueRate / CRA.

The information and documents processed met the requirements of the rating system of Creditreform Rating AG as published on the website www.creditreform-rating.de. The rating was carried out on the basis of the rating methodology for [bank ratings \(v3.1\)](#), the methodology for the [rating of bank capital and unsecured debt instruments \(v2.1\)](#), the methodology for the rating of [Government-Related Banks \(v2.0\)](#) the methodology for the rating of [Institutional Protection Scheme Banks \(v1.0\)](#) as well as the rating methodology for [Environmental, Social and Governance Score for Banks \(v1.0\)](#) in conjunction with Creditreform's basic document [Rating Criteria and Definitions \(v1.3\)](#).

The complete presentation of the rating methodologies used by Creditreform Rating AG and the basic document Rating Criteria and Definitions (v1.3) are published on our homepage:

<https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html>

On 06 December 2022, the rating was presented by the analysts to the rating committee and adopted in a resolution.

The rating result was communicated to Banco Bilbao Vizcaya Argentaria S.A. (Group), and the preliminary rating report was made available to the bank. There was no change in the rating score.

The rating is valid until withdrawal and is subject to monitoring from the rating date (see cover page). The rating will be comprehensively reviewed at least once every year. Within this period, the rating can be updated.

In 2011 Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on the registration Creditreform Rating AG (CRA) is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation. Rating Endorsement Status:

The rating of Banco Bilbao Vizcaya Argentaria S.A. (Group) was not endorsed by Creditreform Rating AG from a third country as defined in Article 4 (3) of the CRA-Regulation.

Conflict of Interests

No conflicts of interest were identified during the rating process that might influence the analyses and judgements of the rating analysts involved or any other natural person whose services are placed at the disposal or under the control of Creditreform Rating AG and who are directly involved in credit rating activities or approving credit ratings and rating outlooks.

In case of providing ancillary services to the rated entity, CRA will disclose all ancillary services in the credit rating report.

Rules on the Presentation of Credit Ratings and Rating Outlooks

The approval of credit ratings and rating outlooks follows our internal policies and procedures. In line with our policy "Rating Committee," all credit ratings and rating outlooks are approved by a rating committee based on the principle of unanimity.

To prepare this credit rating, CRA has used following substantially material sources:

1. Aggregated data base by eValueRate
2. Annual Report and interim reports
3. Investors relations information and other publications
4. Website of the rated bank
5. Public and internal market analyses
6. Internet research

There are no other attributes and limitations of the credit rating or rating outlook other than displayed on the CRA website. Furthermore CRA considers satisfactory the quality and extent of information available on the rated entity. In regard to the rated entity Creditreform Rating AG regarded available historical data as sufficient.

Between the disclosure of the credit rating to the rated entity and the public disclosure no amendments were made to the credit rating.

The "Basic data" information card indicates the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description. In case where the credit rating is based on more than one methodology or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating and indicates how the different methodologies or these other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions, such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings as well as best-case scenario credit ratings are explained in mentioned methodologies and / or in the credit rating report.

The date at which the credit rating was released for distribution for the first time and when it was last updated including any rating outlooks is indicated clearly and prominently in the rating report or in the "Basic data" card as a "Rating action"; first release is indicated as "initial rating", other updates are indicated as an "update", "upgrade or downgrade", "not rated", "confirmed", "selective default" or "default".

In the case of a rating outlook, the time horizon is provided during which a change in the credit rating is expected. This information is available in the rating report or the „Basic data“ information card.

In accordance to Article 11 (2) EU-Regulation (EC) No 1060/2009 registered or certified credit rating agency shall make available in a central repository established by ESMA information on its historical performance data, including the ratings transition frequency, and information about credit ratings issued in the past and on their changes. Requested data are available at the ESMA website: <https://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml>.

An explanatory statement of the meaning of Creditreform's default rates are available in the credit rating methodologies disclosed on the website.

Disclaimer

Any rating performed by Creditreform Rating AG is subject to the Creditreform Rating AG Code of Conduct which has been published on the web pages of Creditreform Rating AG. In this Code of Conduct, Creditreform Rating AG commits itself – systematically and with due diligence – to establish its independent and objective opinion as to the sustainability, risks and opportunities concerning the enterprise or the issue under review.

Future events are uncertain, and forecasts are necessarily based on assessments and assumptions. This rating is therefore no statement of fact, but an opinion. For this reason, Creditreform Rating AG cannot be held liable for the consequences of decisions made on the basis of any of their ratings. Neither should these ratings be construed as recommendations for investors, buyers or sellers. They should only be used by market participants (entrepreneurs, bankers, investors etc.) as one factor among others when arriving at corporate or investment decisions. Ratings are not meant to be used as substitutes for one's own research, inquiries and assessments. We have assumed that the documents and information made available to us by the client are complete and accurate and that the copies provided to us represent the full and unchanged contents of the original documents. Creditreform Rating AG assumes no responsibility for the true and fair representation of the original information.

This report is protected by copyright. Any commercial use is prohibited without prior written permission from Creditreform Rating AG. Only the full report may be published in order to prevent distortion of the report's overall assessment. Excerpts may only be used with the express consent of Creditreform Rating AG. Publication of the report without the consent of Creditreform Rating AG is prohibited. Only ratings published on the Creditreform Rating AG web pages remain valid.

Creditreform Rating AG

Contact information

Creditreform Rating AG
Europadamm 2-6
D-41460 Neuss

Phone +49 (0) 2131 / 109-626
Fax +49 (0) 2131 / 109-627

E-Mail info@creditreform-rating.de
www.creditreform-rating.de

CEO: Dr. Michael Munsch

Chairman of the Board: Michael Bruns
HR Neuss B 10522