Creditreform Bank Rating

Banco Bilbao Vizcaya Argentaria S.A. (Group)

Creditreform Rating

Rating Object	Rating Information
Banco Bilbao Vizcaya Argentaria S.A. (Group)	Long Term Issuer Rating / Outlook: **A / stable** Short Term: **L2**
Creditreform ID: 400985414	Type: Update / Unsolicited
Rating Date: **20 June 2024** Monitoring until: withdrawal of the rating Rating Methodology: CRA "Bank Ratings v.3.3" CRA "Rating of Bank Capital and Unsecured Debt Instruments v.2.2" CRA "Environmental, Social and Governance Score for Banks v.1.1" CRA "Rating Criteria and Definitions v.1.3" Rating History: www.creditreform-rating.de	Rating of Bank Capital and Unsecured Debt Instruments: Preferred Senior Unsecured (PSU): **A** Non-Preferred Senior Unsecured (NPS): **A-** Tier 2 (T2): **BBB** Additional Tier 1 (AT1): **BB+**

Rating Action

Creditreform Rating upgrades Banco Bilbao Vizcaya Argentaria S.A.'s Long-Term Issuer Rating to A (Outlook: stable)

Creditreform Rating (CRA) upgrades Banco Bilbao Vizcaya Argentaria S.A.'s Long-Term Issuer Rating to A. The rating outlook is stable.

CRA upgrades Banco Bilbao Vizcaya Argentaria S.A.'s Preferred Senior Unsecured Debt to A, Non-Preferred Senior Unsecured Debt to A-, Tier 2 Capital to BBB and AT1 Capital to BB+.

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

Key Rating Drivers

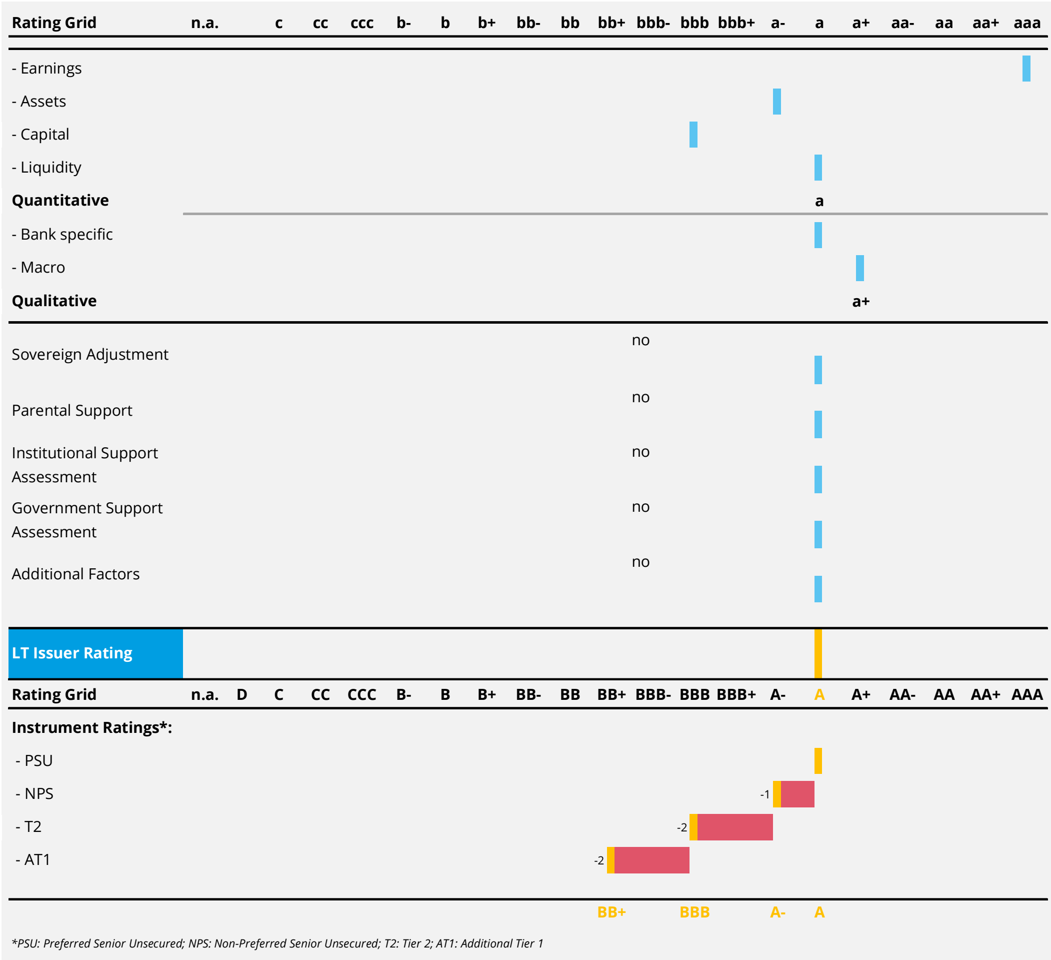
- Sovereign rating upgrade of the Kingdom of Spain to A/stable on 14 June 2024
- Large and globally diversified O-SII bank with franchises in several emerging markets, most notably in Mexico and Turkey
- Very strong earnings profile, characterized by profitability and effiency metrics superior to most European banks
- Asset quality score of "a-" balances diversification benefits from geographical business mix against average NPL ratio and elevated cost of risk
- Satisfactory capitalisation as indicated by a stable CET1-ratio of 12.67% at year-end 2023 and and adequately sized capital buffer over regulatory minimum requirements

Analysts
Johannes Kühner
j.kuehner@creditreform-rating.de
Lead-Analyst

Felix Schuermann
f.schuermann@creditreform-rating.de
Senior Analyst

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

Executive Summary



The rating of Banco Bilbao Vizcaya Argentaria S.A. is prepared on the basis of group (Banco Bilbao Vizcaya Argentaria S.A) consolidated accounts.

The Long-Term Issuer Rating and all Debt and Bank Capital Ratings of Banco Bilbao Vizcaya Argentaria S.A. are upgraded by one notch each.

The Long-Term Issuer Rating of Banco Bilbao Vizcaya Argentaria S.A. has been raised to A, reflecting CRA's upgrade of Spain's sovereign rating to A on 14 June 2024. Due to BBVA's high exposure to Spain, the rating of the bank and its subsidiaries is capped at the level of Spain's sovereign rating. The rating upgrade is also supported by very strong and further improving profitability in 2023, good asset quality and liquidity, as well as satisfactory capitalisation.

Company Overview

Banco Bilbao Vizcaya Argentaria S.A. (hereafter: BBVA, bank or the group) is one of the largest financial institutions in Spain and Mexico. The bank is designated as an other systemically important institution (O-SII). With 121,486 employees (as of year-end 2023) and 5,949 branches the group serves approximately 72mn customers.

BBVA is as a global universal bank, while its activities are centered around the the customer retail business, the group is also serving wholesale clients and offers insurance soluations. The group operates in more than 25 countries, primarily in Europe, Mexico and South America.

BBVA's segment reporting resembles the bank's geographical footprint. The segments Spain, Mexico and South America each include BBVA's banking, insurance and asset management operations in the respective geographies. As concerns South America, BBVA is present in several countries, with the most important being Argentina, Chile, Colombia, Peru, Uruguay and Venezuela. Alongside its activities in the country via Garanti BBVA, the bank reports its Romanian and Dutch business results under the Turkey segment. The segment Rest of Business mainly includes the wholesale activities carried out in Europe (excl. Spain) and in the United States , as well as the banking business developed through BBVA's Asian branches.

BBVA is currently in the final phase of implementation of its 2021-24 strategic plan. The plan is centered around six priorities: These priorities include improving customer financial health, support clients in their transition towards a sustainable future, reach more clients through digital channels, driving operational excellence with automated processes and foster the bank's data and technology use. By the end of 2024, the bank aims to add 10mn new customers, lower its Cost income ratio to 42% (self-reported) and reach a RoTE of 14%. We note, that as of Q1-24, the bank appears on track to achieve these goals. On 30 April 2024, BBVA made an indicative merger proposal to the board of directors of Banco de Sabadell, Spain's fourth-largest lender by total assets. Concerning the terms of the transaction, BBVA offered one newly issued BBVA share for every 4.83, which equates to a valuation of approx. EUR 12bn. Alongside complementary business models, BBVA cited efficiency gains and an enhanced capacity to provide credit to the real economy in its rationale for the merger. However, Sabadell's board has rejected the offer on the grounds that it did not correctly reflect the franchises intrinsic value.

Business Development

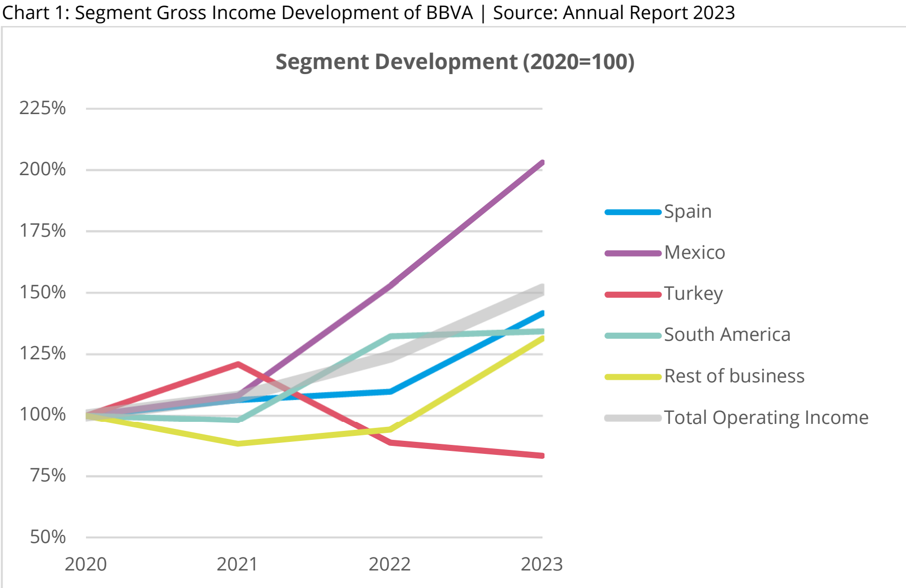
Profitability

Creditreform Rating AG follows a structural approach in the presentation of the income statement and balance sheet as well as in the calculation of key ratios. The presentation may therefore differ from that of the bank. Creditreform Rating pursues the goal of making financial statements of different banks as well as within the scope of consolidation as comparable as possible. Certain key ratios are also taken or calculated from the Bank's Pillar III Report for reasons of comparability. Balance sheet and income statement figures are taken from the consolidated financial statements of the respective years. One-off or exceptional items are, where possible, relegated to the line items non-recurring revenue and expense.

BBVA reported significant growth in its net income in 2023 aided by vividly growing revenues across most geographies. Income growth more than offset higher operating expenses and provisioning needs. Above all, net interest income, the bank's most important income source (≈59% of operating income in 2023), came in at EUR 23.1bn – equivalent to a 20.7% yoy gain. BBVA's net interest result was boosted by a growing customer and loan base. In an environment of rising interest rates, net interest income benefited in particular from the bank's Spanish loan portfolio, which has a relatively high interest rate sensitivity due to the high proportion of variable-rate loans. What is more, net fee & commission income also grew robustly (+12.4% yoy), mainly driven by higher fees generated from payment systems and asset management services. Concurrently, BBVA's insurance and net trading income also posted double digit yoy-gains. The latter was helped by the favorable evolution of FX operations in the Turkish and Mexican business division.

As regards BBVA's business segments, with the exception of Turkey (-6.0% yoy), all geographies contributed positively to revenue growth in 2023. Income growth was particularly strong in Mexico (+32.9%), which now accounts for almost half of total revenues and Spain (+32.9% yoy).

Chart 1: Segment Gross Income Development of BBVA | Source: Annual Report 2023



In a highly inflationary environment, operating expenses also edged up notably (+14.5% yoy).

Spending on personnel, as well as other administrative expenses were up by double digits. Other notable expenses included some hyperinflation adjustments. Totalling EUR 2.0bn (2022: EUR 1.7bn), these adjustments were almost entirely related to BBVA's Turkish and Argentinian operations. With operating expenses trailing income growth, BBVA's pre-impairment operating profit jumped to EUR 16.8bn (+24.5% yoy).

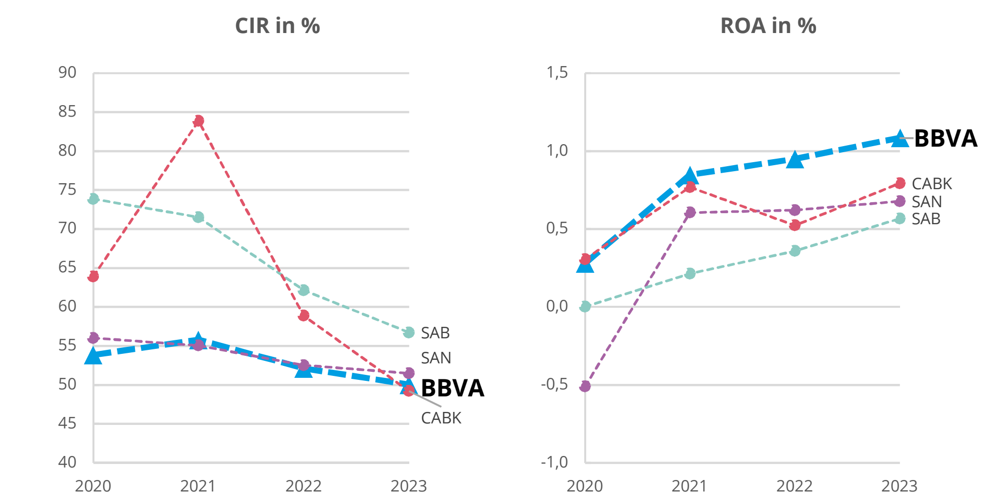
Notwithstanding the favorable business development, higher impairment costs had a dampening impact on profitability. Up from EUR 3.3bn (2022), BBVA's impairment expenses rose to EUR 4.4bn in 2023, mainly reflecting increasing provisioning needs for Mexican credit cards and consumer loans, as well as a worsening macro environment in South America.

Summing all up, BBVA's pre-tax profit increased by 21% last year, net income after taxes was up 24.4% yoy and reached EUR 8.4bn. Favorable business dynamics carried over into Q1-24, when BBVA reported a net profit of EUR 2.2bn (+19% yoy) thanks to sustained growth in net interest and fee income.

Backed by briskly growing net profits, BBVA's already strong earnings metrics continued to improve last year. The bank's RoE rose from 13.4% to 15.2%, while its RoA and RoRWA improved from 1.0% and 2.0% to 1.1% and 2.3% respectively. The net financial margin widened from 3.1% to a high 3.4%. With operating income growth above operating expenses, BBVA's CIR as calculated by CRA fell to 50.0% (2022: 52.1%).

BBVA's key earnings and efficiency metrics compare strong by industry standards. Over the last three years, the bank's RoA has significantly exceeded that of banks, which are more focused on the Spanish market such as Caixabank and Banco de Sabadell. At the same time, BBVA together with Banco Santander stands out as a leader in terms of cost efficiency cost efficiency leader among Spanish banks.

Chart 2: CIR and ROA of BBVA in comparison to the peer group | Source: eValueRate / CRA



Asset Situation and Asset Quality

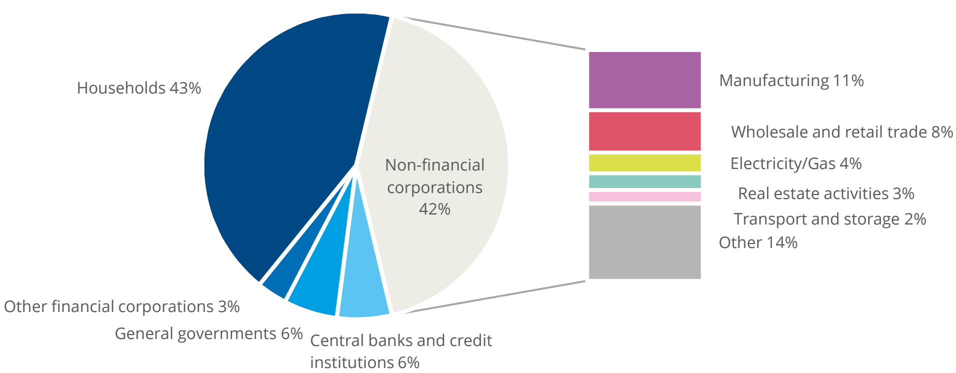
Groupwide net loans expanded by 5.7% with almost all of the bank's reporting segments making positive growth contributions. At constant exchange rates, the bank grew its Mexican loan portfolio by 11% yoy. As growth of the Mexican economy surprised on the upside, BBVA benefitted from robust demand for business but in particular retail loans. In the same vein, the bank's

South American and Turkish divisions reported strong credit growth of 8% and 64% in constant euros. Meanwhile, credit demand in Spain stagnated (-1% yoy), mirroring ongoing deleveraging efforts in the corporate sector and weak mortgage lending. The bank's securities and trading portfolio also posted robusted growth (+12%), as BBVA ramped up purchases of government and bank bonds.

Commensurate with the universal bank business model, loans and advances to customers were by far BBVA's largest balance sheet position as of year-end 2023. Lending to households is dominated by mortages with a conservative LTV, averaging 42% in 2023. Compared to Spanish peers (incl. Banco Santander, CaixaBank and Banco de Sabadell), BBVA's loan book is tilted more towards corporate customers (42% of loans and advances). The corporate loan book is sufficently diversified across industries, with manufacturing (11%) and trade (8%) accounting for the largest exposures. According to the bank, it served around 70,000 larger corporates, as well as 550,000 SMEs and self employed in 2023. In our view, the credit quality of these SME loans is particularly vulnerable in case of a sharp economic downturn.

The geographical presence of BBVA's operations and its large emerging market footprint is reflected by a country risk assessment score (CRAS) of 3. Apart from Spain (46%), BBVA has substantial loan exposures in several emerging markets, namely in Mexico (23%), Turkey (10%) and other jurisdictions (incl. Columbia, Peru and Argentina). While its geographical business mix generally provides BBVA with diversification benefits, we note that many of its core markets are characterized by elevated macro and political risk.

Chart 3: Credit Risk | Source: Pillar III



While the majority of BBVA's bond portfolio is of good credit quality, it is also worth mentioning, BBVA has notable holdings of unrated or lower rated (BBB or below) debt securities. At the overall portfolio level, we estimate the share of these holdings to be above 20% (the bank does not provide a rating distribution on its „debt securities FV through P&L" and „held-for-trading debt securities") equating to 54% of the lender's CET1 capital.

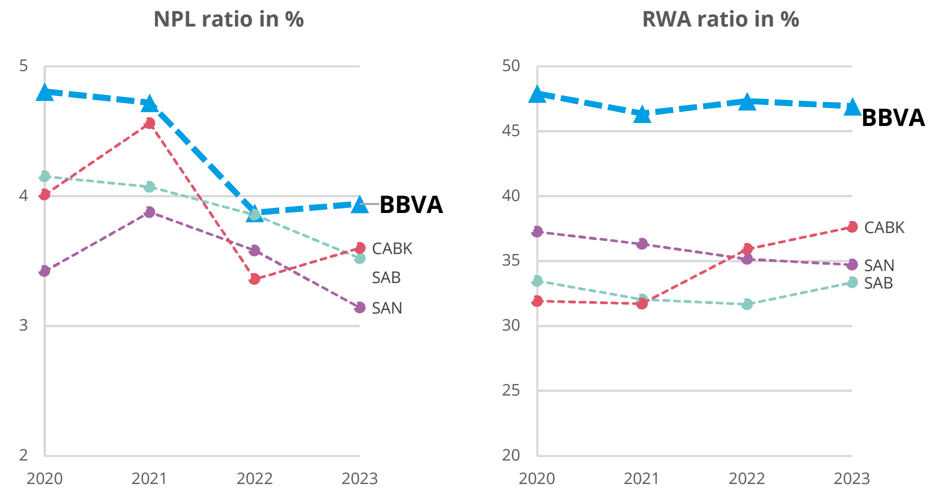
We continue to regard the level of BBVA's NPL ratio as average. Thanks to robust loan growth and the sale of a Spanish NPL portfolio with a gross value of about EUR 500mn in July 2023, BBVA's NPL ratio (as calculated by CRA) remained almost stable at 3.94% in 2023 (2022: 3.87%). Higher interest rates in Spains, rising non performing loans in the Mexican consumer credit card business and challenging macroeconomic conditions in several South American markets had led to an increase in the bank's NPL stock from EUR 13.5bn to EUR 14.5bn. Against this backdrop, we note that BBVA is well provisioned, with its reserves/NPL ratio falling only marginally from

86.7% to 86.1% in 2023. Mirroring its extensive emerging market operations, BBVA's cost of risk as measured by asset writedowns over customer loans is typically elevated. In 2023 it came in at 121bp., somewhat up from 96bp. in the previous year, but still significantly below the levels recorded at the height of the pandemic in 2020. Meanwhile, the RWA ratio declined somewhat, falling from 47.3% to 47.0% over the year.

We note that there are no signs that indicate a deterioration in asset quality, in Q1-24 BBVA reported a stable NPL ratio.

In 2023, all of BBVA's Spanish peers recorded a declining NPL ratio. However, the observed decline varied in magnitude. Last year, only CaixBank managed to reduce its NPL ratio to a similar extent as BBVA. Despite the recent decline, it should be noted that BBVA, together with Banco Santander, still has the highest NPL ratio among the major Spanish banks. This mainly reflects BBVA's presence in South America and Turkey, markets displaying NPL ratios in the 4-5% range. Moreover, BBVA clearly stands out in terms of risk appetite. While peers display RWA ratios in the 30-40% range, BBVA's RWA ratio stands out somewhat. The difference between BBVA and its competitors is primarily a result of the lower relative use of internal models.

Chart 4: NPL- and RWA ratio of BBVA in comparison to the peer group | Source: eValueRate / CRA



Refinancing, Capital Quality and Liquidity

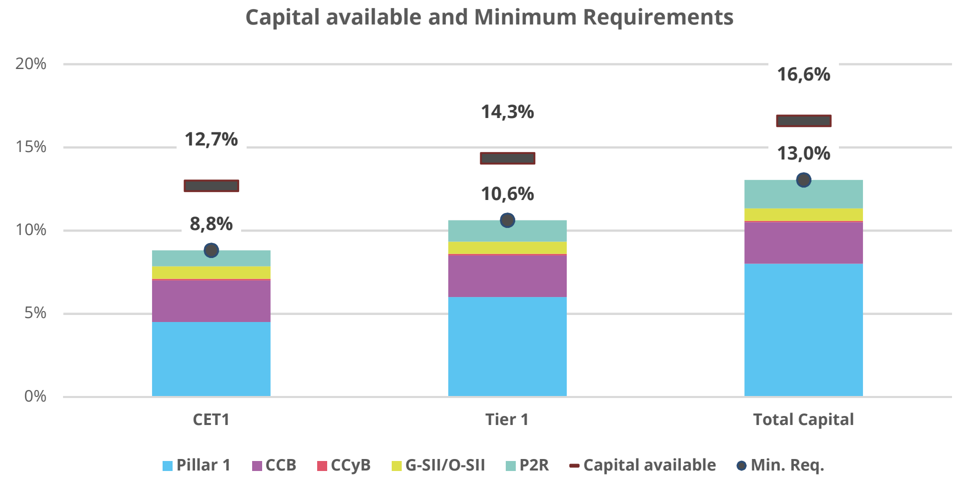
BBVA has a granular and sticky retail deposit base, which constitutes about 60% of the banks financial liabilities. Customer deposits increased by 4.4% yoy in 2023, mainly driven by strong deposit inflows in Mexico and Turkey. BBVA's deposit franchise is complemented by a well established access to wholesale markets. Our assessment is underpinned by BBVA's regular issuance activity, covering various instrument classes and currencies. In 2023, the bank continued to replace its outstanding TLTRO III facilities (recorded under „deposits from banks") with wholesale debt. As of year-end 2023, BBVA's reported TLTRO III stood at EUR 3.66bn, reflecting significant repayments (2022: EUR 26.71).By the end of Q1-24, BBVA had entirely repaid its TLTRO liabilities. Issuances in 2023 included among others Senior preferred and non-preferred bonds (each EUR 1bn), as well as new Tier 2 and AT1 instruments in EUR, USD and GBP.We note that BBVA's recourse to short term wholesale funding is limited, the bank's 2024 maturities of medium and long-term amount to EUR 11.8bn. For 2024, the bank envisages to issue EUR 8-9bn in order to meet upcoming maturities and regulatory requirements.

BBVA scores overall satisfactory in terms of its capital position. With regard to 2023, we note that both the bank's equity ratio (7.13%) as well as its regulatory CET1 ratio remained broadly stable.

The CET1 ratio (phased-in) came it at from 12.67% (2022:12.68%). While organic capital generation from the retention of net income was strong and thereby contributed positively to the build-up of capital (+233bp.), shareholder remunerations and RWA growth stemming from growing loan balances weighed on the capital ratio. Mirroring sustained earnings retention, the CET1 ratio slightly increased to 12.82% in Q1-24. At this level, BBVA maintains a sufficient capital buffer above both its SREP minimum requirement (9.1%), as well as its internal CET1 target range of 11.5%-12.0%. Generally, we consider the potential impact from foreign currency depreciation on BBVA's CET1 ratio as manageable. Assuming a 10% depreciation of the Mexican peso and the Turkish lira, BBVA estimates its CET1 ratio to decline by 9 and 4 bp., respectively as of year end 2023.

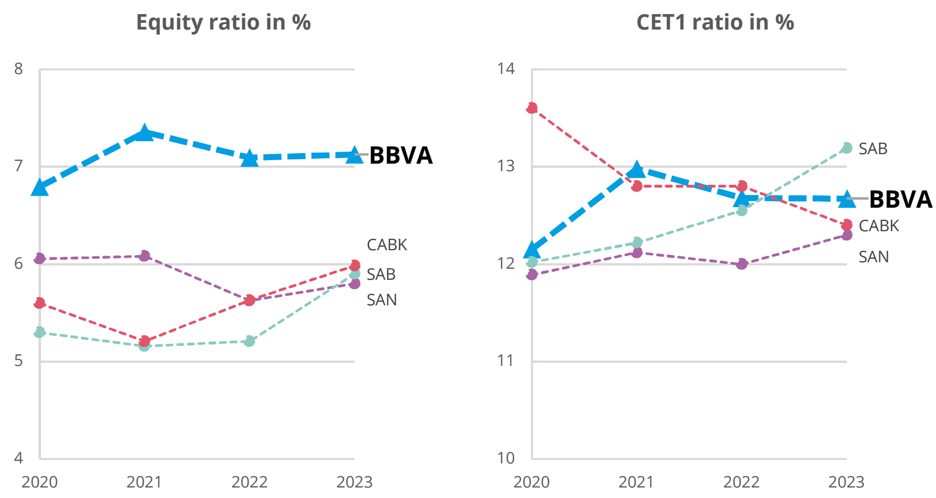
Moreover, the bank continues to exhibit a very strong liquidity profile. Per its most recent pillar 3 disclosure, BBVA at the group level had EUR 102.2bn of high-quality liquid assets in 2023, corresponding to an LCR (average over 12 months) of 148.4% (2022: 163.7%). In Q1-24, the bank's LCR further increased to 151%. Mirroring BBVA's multiple point of entry (MPE) resolution strategy, the management of funding and liquidity is delegated to the group's subsidiaries. Against this background, we note that all significant subsidiaries are essentially self-funded with loan to deposit ratios below 100%, and liquidity metrics (LCR and NSFR) well in excess of 100%.

Chart 5: Regulatory Capital Ratios and Minimum Requirements as per Q4-23| Source: eValueRate / CRA / Pillar III



Compared with Spanish peers, BBVA had by far the highest equity ratio at the end of 2023. While Caixabank, Banco de Sabadell and Banco Santander reported equity ratios around 6%, BBVA's ratio was 1 percentage point higher. In terms of the regulatory capitalisiation, BBVA displayed the second highest CET1 ratio.

Chart 6: Equity and CET1 ratios of BBVA in comparison to the peer group | Source: eValueRate / CRA / Pillar III



Due to BBVA's bank capital and debt structure, as well as its status as a O-SII, the Group's Preferred Senior Unsecured Debt instruments are not notched down in comparison to the Long-Term Issuer Rating. Due to the seniority structure, BBVA's Non-Preferred Senior Unsecured debt is rated A-. BBVA's Tier 2 Capital is rated BBB based on the BBVA's capital structure and seniority in accordance with our rating methodology. Additional Tier 1 Capital is rated BB+, reflecting the capital structure, seniority and a high bail-in risk in the event of resolution.

Environmental, Social and Governance (ESG) Score Card

Creditreform Bank Rating
Environmental, Social and Governance (ESG) Bank Grade
Banco Bilbao Vizcaya Argentaria SA (Plaza San Nicolas, 48005 Bilbao)

Creditreform Rating

BBVA has one significant and two moderate ESG rating drivers

• Corporate Governance is identified as a highly 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, Coporate Behaviour is rated neutral due the misconduct in recent years in relation with money laundering and the corruption investigations.

ESG Bank Grade

3,9 / 5

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

	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 Environ-mental Factors	The sub-factor "Exposure to Environmental Factors" has a low relevance for the credit rating, and is rated neutral 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.	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.	1	(+ +)
Governance	3.1 Corporate Governance	The sub-factor "Corporate Governance" is highly relevant for the credit rating, and is rated very 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.	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 Grade is based on the Methodology "Environmental, Social and Governance Grade 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 "Consodering the Impact of ESG Factors".

Outlook

The outlook of the Long-Term Issuer Rating of BBVA is stable. In the medium term, CRA expects at least stable profitability and cost efficiency metrics backed by sustained revenue growth. Given a cooling growth outlook for most of BBVA's core markets, we anticipate a modest increase in the ratio of non-performing loans going forward. Ongoing stock buybacks, dividend distributions and organic business growth should gradually reduce the bank's CET1 ratio towards managements target between 11.5% and 12%. Still, we believe that BBVA will maintain sufficient capital and liquidity buffers in the medium term.

Scenario Analysis

Best-case scenario: A+

Worst-case scenario: A-

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.

In a scenario analysis, the bank is able to reach a Long-Term Issuer Rating of A+ in the "Best-Case-Scenario" and a Long-Term Issuer Rating of A- in the "Worst-Case-Scenario". The ratings of Bank Capital and Senior Unsecured Debt would respond similarly based on our rating methodology. 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 Rating and the ratings of Bank Capital and Senior Unsecured Debt if we see a sustained improvement in asset quality and/or a significant increase in the bank's capital ratios coupled with another rating upgrade of the Spain's sovereign rating. At the same time, profitability should not deteriorate materially.

By contrast, a downgrade of BBVA's Long-Term Issuer Rating and the ratings of Bank Capital and Senior Unsecured Debt could occur if we see a lasting and significant decline of BBVA's profitability and/or its capital ratios. In the same vein, downward pressure on the rating could arise in case of a notable asset quality deterioration in one or several markets, BBVA is active in. Irrespective of the reasons mentioned, a downgrade of Spain's sovereign rating would also trigger a rating downgrade, even if we currently consider the probability of this scenario occurring to be rather unlikely.

Appendix

Bank ratings BBVA S.A.

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.

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

Bank Capital and Debt Instruments Ratings BBVA. S.A.

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 (PSU):	**A**
Non-Preferred Senior Unsecured (NPS):	**A-**
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

Long-Term Issuer Rating	Rating Date	Result
Initialrating	22.06.2018	A- / stable / L2
Rating Update	15.07.2019	A- / stable / L2
Monitoring	24.03.2020	A- / NEW / L2
Rating Update	06.10.2020	BBB+ / stable / L3
Rating Update	22.10.2021	A- / stable / L2
Rating Update	06.12.2022	A- / stable / L2
Rating Update	29.08.2023	A- / stable / L2
Rating Update	06.06.2024	A- / stable / L2
Rating Update	20.06.2024	A / stable / L2
Bank Capital and Debt Instruments	**Rating Date**	**Result**
Senior Unsecured / NPS / 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
PSU / NPS / T2 / AT1	29.08.2023	A- / BBB+ / BBB- / BB
PSU / NPS / T2 / AT1	06.06.2024	A- / BBB+ / BBB- / BB
PSU / NPS / T2 / AT1	20.06.2024	A / A- / BBB / BB+

Tables BBVA S.A.

Figure 2: Income statement[1] | Source: eValueRate / CRA

Income Statement (EUR m)	2023	%	2022	2021	2020
Income					
Net Interest Income	23.089	+20,7	19.123	14.686	14.592
Net Fee & Commission Income	6.288	+17,1	5.372	4.765	4.123
Net Insurance Income	1.260	+17,2	1.075	908	977
Net Trading & Fair Value Income	2.183	+12,6	1.939	1.911	1.546
Equity Accounted Results	26	+23,8	21	1	-39
Dividends from Equity Instruments	118	-4,1	123	176	137
Other Income	647	+22,1	530	683	492
Operating Income	**33.611**	**+19,3**	**28.183**	**23.130**	**21.828**
Expense					
Depreciation and Amortisation	1.499	-4,9	1.576	1.552	1.543
Personnel Expense	6.530	+16,6	5.601	5.046	4.695
Tech & Communications Expense	1.731	+9,1	1.586	1.351	1.260
Marketing and Promotion Expense	349	+31,2	266	207	186
Other Provisions	373	+27,7	292	1.018	746
Other Expense	6.337	+18,0	5.370	3.732	3.328
Operating Expense	**16.819**	**+14,5**	**14.691**	**12.906**	**11.758**
Operating Profit & Impairment					
Operating Profit	**16.792**	**+24,5**	**13.492**	**10.224**	**10.070**
Cost of Risk / Impairment	4.437	+33,0	3.337	3.034	5.369
Net Income					
Non-Recurring Income	64	-43,4	113	57	547
Non-Recurring Expense	-	-	-	-	-
Pre-tax Profit	**12.419**	**+20,9**	**10.268**	**7.247**	**5.248**
Income Tax Expense	4.003	+14,2	3.505	1.909	1.459
Discontinued Operations	-	-	-	280	-1.729
Net Profit	**8.416**	**+24,4**	**6.763**	**5.618**	**2.060**
Attributable to minority interest (non-controlling interest)	397	-2,0	405	965	756
Attributable to owners of the parent	8.019	+26,1	6.358	4.653	1.305

Figure 3: Key earnings figures| Source: eValueRate / CRA and Pillar III

Income Ratios (%)	2023	%	2022	2021	2020
Cost Income Ratio (CIR)	50,04	-2,09	52,13	55,80	53,87
Cost Income Ratio ex. Trading (CIRex)	53,52	-2,46	55,98	60,82	57,97
Return on Assets (ROA)	1,09	+0,14	0,95	0,85	0,28
Return on Equity (ROE)	15,23	+1,84	13,39	11,52	4,12
Return on Assets before Taxes (ROAbT)	1,60	+0,16	1,44	1,09	0,71
Return on Equity before Taxes (ROEbT)	22,47	+2,15	20,33	14,86	10,49
Return on Risk-Weighted Assets (RORWA)	2,31	+0,31	2,01	1,83	0,58
Return on Risk-Weighted Assets before Taxes (RORWAbT)	3,41	+0,37	3,05	2,35	1,49
Net Financial Margin (NFM)	3,41	+0,31	3,10	2,62	2,61
Pre-Impairment Operating Profit / Assets	2,17	+0,27	1,89	1,54	1,37

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)	2023	%	2022	2021	2020
Cash and Balances with Central Banks	81.223	-3,1	83.855	73.480	71.729
Net Loans to Banks	11.746	+8,4	10.836	10.530	12.702
Net Loans to Customers	378.408	+5,8	357.794	320.079	312.388
Total Securities	154.202	+11,5	138.309	143.452	146.178
Total Derivative Assets	35.677	-14,3	41.652	32.743	42.224
Other Financial Assets	80.216	+69,5	47.320	53.095	34.022
Financial Assets	**741.472**	**+9,1**	**679.766**	**633.379**	**619.243**
Equity Accounted Investments	976	+6,6	916	900	1.437
Other Investments	207	+3,0	201	109	222
Insurance Assets	211	+15,3	183	269	306
Non-current Assets & Discontinued Ops	923	-9,7	1.022	1.061	85.986
Tangible and Intangible Assets	11.409	+6,7	10.692	9.386	9.946
Tax Assets	17.501	+4,6	16.725	15.849	16.526
Total Other Assets	2.859	+10,5	2.587	1.932	2.510
Total Assets	**775.558**	**+8,9**	**712.092**	**662.885**	**736.176**

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

Asset Ratios (%)	2023	%	2022	2021	2020
Net Loans to Customers / Assets	48,79	-1,45	50,25	48,29	42,43
Risk-weighted Assets[1] / Assets	46,92	-0,41	47,33	46,43	0,00
NPL[2]/ Loans to Customers[3]	3,94	+0,07	3,87	4,72	4,81
NPL[2]/ Risk-weighted Assets[1]	3,96	-0,03	3,99	4,75	4,13
Potential Problem Loans[4]/ Loans to Customers[3]	10,32	+0,75	9,57	10,92	9,99
Reserves[5]/ NPL[2]	86,09	-0,77	86,86	81,45	81,67
Cost of Risk / Loans to Customers[3]	1,21	+0,25	0,96	0,98	1,77
Cost of Risk / Risk-weighted Assets[1]	1,22	+0,23	0,99	0,99	1,52
Cost of Risk / Total Assets	0,57	+0,10	0,47	0,46	0,73

Change in %-Points

1 RWA: Pillar 3, EU CR1
2 NPL: Gross; Non-Performing Loans of the categories Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1
3 Loans to Customers: Gross; Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1
4 Potential Problem Loans: Stage 2; Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1
5 Reserves: Impairment & Provisions and Collateral & Guarantees; Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1

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

Liabilities (EUR m)	2023	%	2022	2021	2020
Total Deposits from Banks	32.523	-43,3	57.311	58.542	62.053
Total Deposits from Customers	410.044	+4,4	392.884	349.349	342.862
Total Debt	72.684	+23,8	58.717	59.159	66.311
Derivative Liabilities	35.671	-13,4	41.212	34.331	43.998
Securities Sold, not yet Purchased	-	-	-	-	-
Other Financial Liabilities	134.194	+66,6	80.552	87.395	71.563
Total Financial Liabilities	**685.116**	**+8,6**	**630.676**	**588.776**	**586.787**
Insurance Liabilities	20.715	+23,9	16.723	10.865	9.951
Non-current Liabilities & Discontinued Ops	-	-	-	-	75.446
Tax Liabilities	2.555	-12,9	2.935	2.413	2.355
Provisions	4.924	-0,2	4.933	5.888	6.141
Total Other Liabilities	6.983	+10,7	6.307	6.183	5.476
Total Liabilities	**720.293**	**+8,9**	**661.574**	**614.125**	**686.156**
Total Equity	**55.265**	**+9,4**	**50.518**	**48.760**	**50.020**
Total Liabilities and Equity	**775.558**	**+8,9**	**712.092**	**662.885**	**736.176**

Figure 7: Development of capital and liquidity ratios | Source: eValueRate / CRA and Pillar III

Capital Ratios and Liquidity (%)	2023	%	2022	2021	2020
Total Equity / Total Assets	7,13	+0,03	7,09	7,36	6,79
Leverage Ratio[1]	6,53	+0,04	6,49	6,80	6,69
Common Equity Tier 1 Ratio (CET1)[2]	12,67	-0,01	12,68	12,98	12,15
Tier 1 Ratio (CET1 + AT1)[2]	14,33	+0,11	14,22	14,84	14,04
Total Capital Ratio (CET1 + AT1 + T2)[2]	16,58	+0,60	15,98	17,24	16,46
CET1 Minimum Capital Requirements[1]	8,79	+0,16	8,63	8,60	8,59
Net Stable Funding Ratio (NSFR)[1]	130,89	-4,07	134,96	135,03	127,00
Liquidity Coverage Ratio (LCR)[1]	148,40	-15,30	163,70	165,80	147,00

Change in %-Points

1 Pillar 3 EU KM1
2 Regulatory Capital Ratios: Pillar 3 EU KM1

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 table clarifies the level of participation of the rated entity (rating object):

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation	Yes
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 following methodologies and Rating Criteria and Definitions (v1.3):

- Bank ratings (v3.3)
- Rating of bank capital and unsecured debt instruments (v2.2)
- Environmental, Social and Governance Score for Banks (v1.1)

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

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

On 20 June 2024, 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., and the preliminary rating report was made available to the bank. There was no change in the rating.

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.

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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.

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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.

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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