Creditreform Bank Rating
Banco Bilbao Vizcaya Argentaria S.A.

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:	**29 August 2023**
Monitoring until:	withdrawal of the rating
Rating Methodology:	CRA "Bank Ratings v.3.2" CRA "Rating of Bank Capital and Unsecured Debt Instruments v.2.1" CRA "Environmental, Social and Governance Score for Banks v.1.0" 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):	**BBB+**
Tier 2 (T2):	**BBB-**
Additional Tier 1 (AT1):	**BB**

Rating Action

Creditreform Rating affirms BBVA's (Group) Long-Term Issuer Rating at A- (Outlook: stable)

Creditreform Rating (CRA) affirms BBVA's (Group) Long-Term Issuer Rating at A-. The rating outlook is stable.

CRA affirms BBVA's Preferred Senior Unsecured Debt at A-, Non-Preferred Senior Unsecured Debt at BBB+, 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.

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Key Rating Drivers

- Large and globally diversified O-SII bank with notable franchises in several emerging markets
- Improving profitability and cost efficiency metrics in 2022 thanks to the higher interest rate environment and robust loan growth; very high NIM, high RoA, RoE and RoRWA
- Good asset quality; diversification benefits from geographical business mix balanced against average NPL ratio and elevated cost of risk
- Slightly decreasing capital ratios in 2022 on the back of strong RWA growth; overall capitalisation remains satisfactory
- Due to the size of domestic exposures, ratings remain capped at the level of the Spanish sovereign

Executive Summary

Quantitative:	Good
Earnings	Very Good
Assets	Good
Capital	Satisfactory
Liquidity	Very Good
Qualitative:	Good

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

The Long-Term Issuer Rating of Banco Bilbao Vizcaya Argentaria S.A. has been affirmed. The bank's key earning metrics improved significantly in 2022. Mainly thanks to strong growth in net interest income, gains in operating income more than offset pressures on operating expenses from rising personnel and administrative costs, and hyperinflation accounting. As a result, the bank's already strong cost income ratio (CIR) experienced a further improvement. Meanwhile, the NPL ratio continued on a downward trajectory, helped by strong loan growth and some NPL disposals. Cost of risk remained broadly stable but on an elevated level, reflecting the lender's extensive emerging market footprint. Despite a moderate yoy decline, we consider the bank's capital metrics to be satisfactory. The CET1 ratio should approach management's target range of 11.5% to 12.0% by 2024, but we expect Banco Bilbao Vizcaya Argentaria S.A to maintain sufficient buffers above regulatory minimum requirements at this level.

Banco Bilbao Vizcaya Argentaria S.A's rating remains negatively influenced by the high exposure to Spain and the rating of Spain (A-/stable), CRA Sovereign Rating as of 16 June, 2023). This confines the Long-Term Issuer Rating of Banco Bilbao Vizcaya Argentaria S.A. to A-.

Company Overview

Banco Bilbao Vizcaya Argentaria S.A. (hereafter: BBVA, bank or the group) is a Spanish banking group, that 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 bank is designated as an other systemically important institution (O-SII) by the Financial Stability Board and must therefore comply with additional regulatory requirements. With 115,675 employees (as of year-end 2022) and 6,040 branches (thereof 1,886 in Spain and 1,733 in Mexico), the Group serves approximately 89.3mn 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, Mexico and South America.

With the exception of *Corporate Center*, that includes the costs of the head offices with a corporate function and other administrative services, BBVA's segment reporting resembles the bank's geographical positioning. 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 remained committed to the implementation of its 2021-24 strategic plan last year, which 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%.

Also in the course of the strategic realignment, BBVA increased its stake in Turkiye garanti Bankasi A.S. (Garanti BBVA) last year. For a purchase price of approximately EUR 1.4bn, BBVA increased its stake from 49.85% to 85.97%. Thereby BBVA strenghtened its position in a market the bank considers strategic. In November 2021, BBVA had tendered a voluntary takeover bid for Garanti BBVA shares it had not already owned at that time.

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.

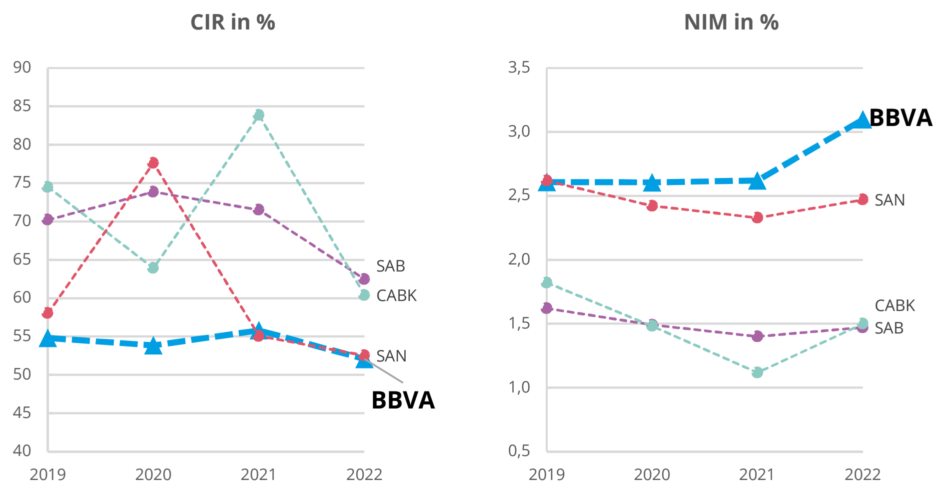
BBVA managed to improve the profitability of its operations significantly during fiscal year 2022, posting a net profit of EUR 6.8bn (+21.5% yoy).

Operating income leapt from EUR 23.1bn in 2021 to EUR 28.3bn, with all major revenue items making positive contributions. Net interest income, the bank's most important income source (68% of of operating income) came in at EUR 19.1bn – equivalent to a 30.4% yoy gain. Above all, BBVA's net interest result was boosted by a growing customer and loan base, which coincided with a rising interest rate environment. What is more, net fee & commission income grew solidly (+12.4% yoy), mainly driven by higher credit card transaction activities and fees generated from payment systems. At the same time, net insurance income jumped to EUR 1.2bn (+33.4%).

In a highly inflationary environment, operating expenses also increased notably (+14.3% yoy), but nevertheless trailed growth in operating income. Spending on personnel, as well as other administrative expenses including IT and advertising expenses, were up by double digits. Other notable expenses included significantly rising hyperinflation adjustments. Amounting to EUR 1.7bn (2021: EUR 0.6bn), these adjustments were almost entirely related to BBVA's Turkish and Argentinian operations. In the same vein, higher impairment costs detracted from profits. After EUR 3bn in 2021, BBVA's impairment expenses came in at EUR 3.3bn in 2022, mainly reflecting the less favorable macroeconomic outlook in its main business geographies.

Thanks to vividly growing revenues that translated into a higher net profits, BBVA's already strong earnings metrics continued to improve last year. Its RoE rose from 11.5% to 13.5%, while its RoA and RoRWA improved from 0.9% and 1.8% to 1.0% and 2.0% respectively. The net financial margin widened from 2.6% to a high 3.1%. With operating income growth above operating expenses, BBVA's CIR fell to 52.1% (2021: 55.8%).

Chart 1: CIR and NIM of BBVA in comparison to the peergroup | Source: eValueRate / CRA



Not only is BBVA's CIR significantly lower than those of banks, which are more focused on the Spanish market such as Caixabank and Banco de Sabadell, BBVA's cost efficiency also compares well to a broader set of large European banks. Among Spanish banks, Banco Santander's CIR was about on par with BBVA in 2022, however, BBVA's CIR has experienced lower volatility over the last four years. In the same vein, BBVA benefits from net interest margins (NIM) far higher than its Spanish competitors. The bank's NIM clocked in at 3.1% in 2022 (2021: 2.6%), mainly mirroring its significant emerging market footprint. While the latter typically comes at the cost of elevated loan impairment charges, it allows BBVA to generate constantly high levels of spread income.

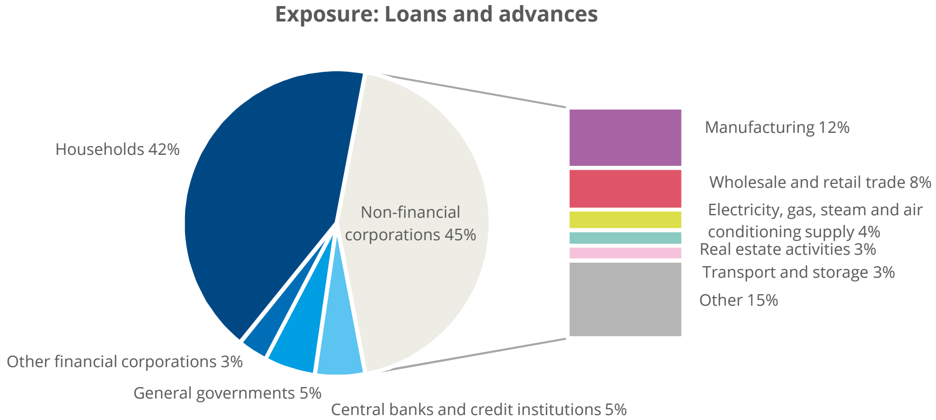
Despite headwinds from the implementation of a temporary tax on credit institutions amounting in Spain (EUR 225mn) and a notable increase in loan loss provisions (EUR 2.0bn), particularly in Mexico and South America, BBVA's dynamic business performance carried over into the first half of 2023. Supported by further interest rate hikes, net interest income as the main source of income increased by 33.6% yoy, with all markets contributing positively to the increase. Although to a lesser extent, net fee and commission income (+12.9% yoy) also moved higher. As a result, BBVA's net profit climbed to EUR 3.9bn, a 31.1% increase over H1-22.

Asset Situation and Asset Quality

Last year, BBVA's balance sheet total expanded by 7.6% to EUR 713.4bn. Group wide net loans expanded by 12% with all of the bank's reporting segments making positive growth contributions. At constant exchange rates, the bank grew its Mexican loan portfolio by 17% yoy. As Mexican growth surprised on the upside in the back half of the year, BBVA benefitted from robust demand for both consumer and business loans. In the same vein, the bank's South American and Turkish divisions reported strong credit growth of 14% and 59% in constant euros. Meanwhile, credit demand in Spain was more muted (+2%). The bank's securities and trading portfolio (-3%) curbed overall balance sheet growth. While BBVA significantly scaled back on its equity trading assets from EUR 16bn to EUR 4.4bn, rising interest rates put pressure on the value of the bank's bondholdings.

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 (42%), BBVA has substantial exposures in several emerging markets, namely in Mexico (19%), Turkey (11%) 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 2: Exposure: Loans and advances | Source: eValueRate / CRA / Pillar 3



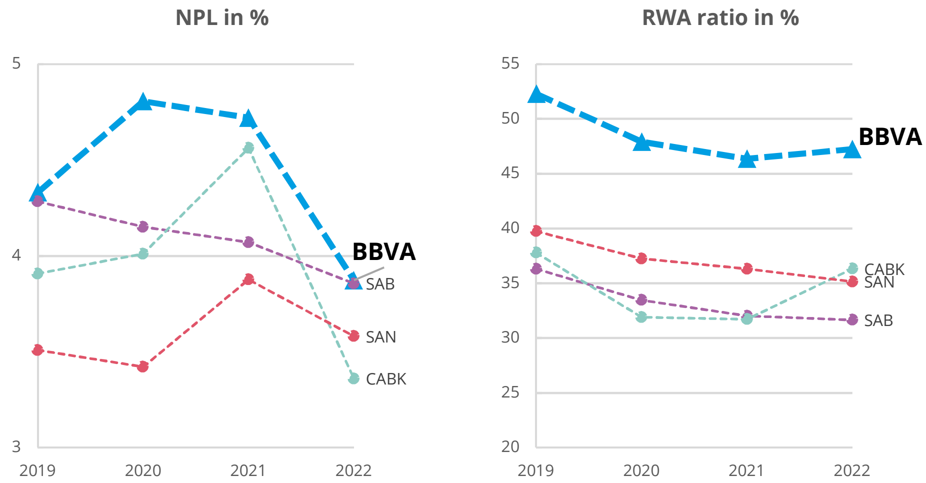
Commensurate with the business model, loans and advances to customers were by far BBVA's largest balance sheet position as of year-end 2022. Compared to Spanish peers (incl. Banco Santander, CaixaBank and Banco de Sabadell), BBVA's loan book is tilted more towards corporate customers (45% of loans and advances). While the banking book is sufficently diversified across industries, loans to manufacturing dominate accounting for about 12% of total loans or 105% of CET capital in 2022. According to the bank, it served around 70,000 larger corporates, as well as 263,000 SMEs and self employed in H1-23. In our view, the credit quality of these SME loans is particularly vulnerable in case of an economic downturn.

Also worth mentioning, BBVA has notable holdings of unrated or lower rated (below BBB) 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 64% of the lender's CET1 capital.

While BBVA's ratio of non performing loans remains average, it improved notably in 2022, with the NPL ratio (as calculated by CRA) dropping from 4.7% to 3.9%. For the largest part, last year's NPL reduction was achieved through a strongly expanding loan book and to a lesser extent by a decreasing NPL stock. Notably, BBVA sold an NPL portfolio with a gross value of about EUR 730mn in 2022. The potential problem loan ratio (stage 2 loans) improved moderately from 10.9% to 9.6%, but remains elevated. Due to its extensive emerging market operations, BBVA's cost of risk as measured by asset writedowns over RWAs is typically elevated. In 2022 it came in at 99bp., broadly unchanged from 2021 levels, but significantly below the 152bp. recorded at the height of the pandemic in 2020. Against this backdrop, we note that BBVA is well provisioned, with its reserves/NPL ratio climbing from 81.5% to 86.9% in 2022, entirely driven by a lower NPL stock.

Last year, all of BBVA's Spanish peers recorded a declining NPL ratio. However, the observed decline varied in magnitude. In 2022, 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 30-35% range, BBVA's RWA stood at 47.3% in 2022. The difference between BBVA and its competitors is primarily a result of higher credit risks it assumes.

Chart 3: NPL and RWA ratios of CA in comparison to the peer Group | Source: eValueRate / CRA /Pillar 3



In the first half of 2023, BBVA's asset quality remained broadly unchanged as compared with year end 2022. According to bank reportings, the share of impaired loans in Mexico was stable while a modest detoriation was observed in the Spanish and South American business segment. At the same time, the bank ramped up its risk provisioning. Loan impairment charges booked during H1-23 were 38% higher than in the same period 2022. These trends, together with growth projections that indicate a slowdown in economic activity for BBVA's core markets Mexico, Spain and Turkey, underpin our assumption that the NPL ratio has likely bottomed and asset quality will weaken modestly going forward.

Refinancing, Capital Quality and Liquidity

Last year's balance sheet expansion was first and foremost funded with dynamically inflowing customer deposits. As compared to year end 2021, BBVA acquired about EUR 43bn in additional customer funds. Inflows were particularly driven by strong demand for time deposits. From a geographical point of view, Mexico and Turkey, where BBVA's customer deposit base increased by over 20% yoy, contributed strongly to growth. Also, total equity was strenghtened by just under EUR 1.9bn. Total income recognized of EUR 7.6bn more than offset the equity-reducing impact of dividends, share buybacks, share based compensation and other changes in equity.

By contrast, BBVA somewhat reduced its funding by bank deposits and debt instruments. On the one hand, the bank redeemed a series of contingent convertible bonds early in May 2022 for a total amount of EUR 500mn. Bank deposits, which include funds from the central bank, were also reduced slightly (-2% yoy). In December 2022, BBVA made a EUR 12bn early repayment of TLTRO III funds.

Although BBVA's equity ratio, as well as its regulatory capital ratios slightly declined in 2022, the bank scores overall satisfactory in terms of its capital position. The CET1 ratio (phased-in) fell from 12.98% in the previous year to 12.68%. While organic capital generation was strong, shareholder remuneration and corporate actions - most notably the acquisition of minority interests of Garanti BBVA - somewhat weighed (-30bp.) on the capital ratios. Also noteworthy, RWAs increased by almost EUR 30bn (+9.5%), primarily due to organic business growth and supervisory effects. As a result, BBVA's CET1 buffer over its regulatory minimum requirements (CET1: 8.63%) shrank to 405bp. at the end of 2022 (2021: 438bp.).

Furthermore, the bank continues to exhibit a very strong liquidity profile. Per its pillar 3 disclosure, BBVA had EUR 108.7bn of high-quality liquid assets in 2022, corresponding to an LCR (average over 12 months) of 163.7% (2021: 165.8%). With a net stable funding ratio of 135%, BBVA's long term structural liquidity also comfortably exceeded the regulatory minimum threshold (100%).

During the first half of 2023, BBVA maintained solid capital and liquidity metrics. The favorable business performance in H1-23 allowed the bank to retain a large profit. As a result, the CET1 ratio climbed to 12.99% at end-of June 2023, comfortable surpassing slighly higher capital requirements that entered into effect on 1. January 2023. Since the beginning of the year, the bank must comply with a minimum CET1 ratio of 8.76%, as the ECB lifted its pillar 2 requirement from 1.5% to 1.71% of which at least 0.96% has to be met with CET1 (previously: 0.84%). Meanwhile, the bank's O-SII surcharge has remained unchanged at 0.75%.

At current levels, BBVA still has some headroom towards its established capital target that provides for a CET1 ratio in the range of 11.5 to 12.0% by 2024. We believe that the ratio will gradually approach the targeted range as organic business growth coupled with a rather aggressive distribution policy will likely deplete some of BBVA's excess capital going forward. In November 2021, BBVA had decided to distribute 40-50% of ordinary profits (before: 35%-40%) to its shareholders. Since then, the bank has significantly ramped up dividends and repurchased EUR 3.5bn of its own shares. In July, BBVA asked the ECB to authorize a new share buyback program up to a EUR 1bn.

Chart 4: CET1 ratio and regulatory buffer| Source: Q2-23 Reporting

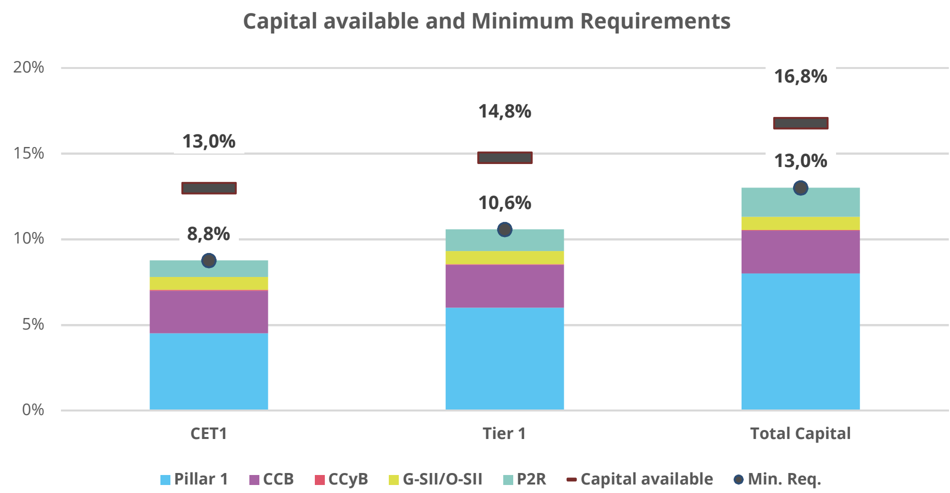
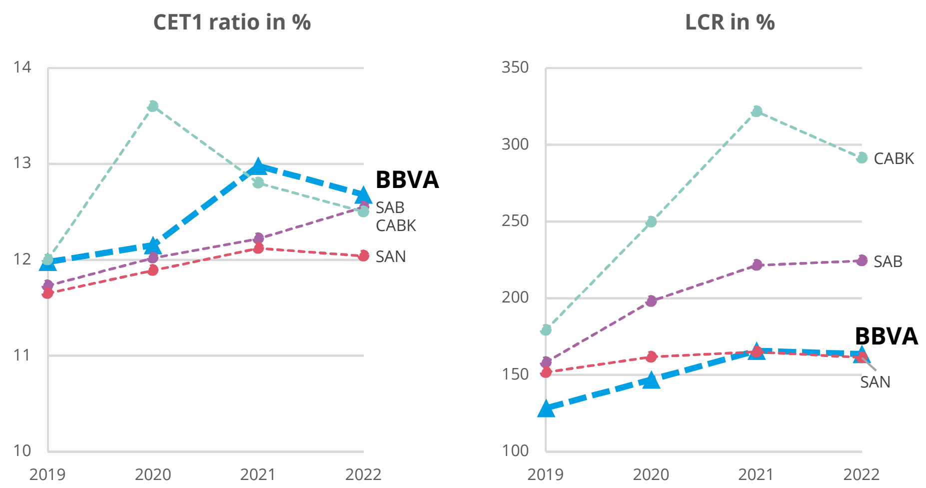


Chart 5: CET1 and LCR ratio of BBVA in comparison to the peergroup | Source: Pillar 3 / CRA



The CET1 ratios of major Spanish banks at year-end 2022 were in a relatively narrow corridor between 12% and 13%. In terms of capitalisation, BBVA positioned itself at the upper end of the Spanish peergroup. In contrast, the opposite was observed with regard to the LCR. After the strong liquidity build-up in the wake of the Covid-19 pandemic, the LCR of Spanish banks showed signs of plateauing or declining in 2022. In view of the now less favorable conditions, all banks in the peergroup made early repayments of their TLTRO III loans in 2022.

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 BBB+. 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 Score
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 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, 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 Environ-mental 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 "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 weaker 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: 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.

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 BBB+ 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 an upgrade of the Spanish sovereign. Further improvements in profitability and asset quality, as well as a sustained and significant increase in the bank's capital ratios, might also lead to an upgrade.

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 capital ratios. We will continue to monitor the economic development in BBVA's core markets. Against that background, a downgrade could also be triggered by a significant asset quality deterioration in one or several markets, BBVA is active in.

Appendix

Bank ratings BBVA S.A. (GROUP)

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. (GROUP)

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):	**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
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
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

Tables Group (if applicable)

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

Income Statement (EUR m)	2022	%	2021	2020	2019
Income					
Net Interest Income	19.153	+30,4	14.686	14.592	15.789
Interest Income	31.432	+36,6	23.015	22.389	27.761
Interest Expense	12.279	+47,4	8.329	7.797	11.972
Net Fee & Commission Income	5.354	+12,4	4.765	4.123	4.501
Net Insurance Income	1.211	+33,4	908	977	1.139
Net Trading & Fair Value Income	1.939	+1,5	1.911	1.546	1.286
Equity Accounted Results	21	> +100	1	-39	-42
Dividends from Equity Instruments	123	-30,1	176	137	152
Other Income	528	-22,7	683	492	675
Operating Income	**28.329**	**+22,5**	**23.130**	**21.828**	**23.500**
Expense					
Depreciation and Amortisation	1.576	+1,5	1.552	1.543	1.513
Personnel Expense	5.612	+11,2	5.046	4.695	5.351
Tech & Communications Expense	1.589	+17,6	1.351	1.260	1.241
Marketing and Promotion Expense	282	+36,2	207	186	250
Other Provisions	292	-71,3	1.018	746	614
Other Expense	5.398	+44,6	3.732	3.328	3.911
Operating Expense	**14.749**	**+14,3**	**12.906**	**11.758**	**12.880**
Operating Profit & Impairment					
Operating Profit	**13.580**	**+32,8**	**10.224**	**10.070**	**10.620**
Cost of Risk / Impairment	3.337	+10,0	3.034	5.369	3.598
Net Income					
Non-Recurring Income	113	+98,2	57	547	96
Non-Recurring Expense	-	-	-	-	72
Pre-tax Profit	**10.356**	**+42,9**	**7.247**	**5.248**	**7.046**
Income Tax Expense	3.529	+84,9	1.909	1.459	1.943
Discontinued Operations	-	-	280	-1.729	-758
Net Profit	**6.827**	**+21,5**	**5.618**	**2.060**	**4.345**
Attributable to minority interest (non-controlling interest)	407	-57,8	965	756	833
Attributable to owners of the parent	6.420	+38,0	4.653	1.305	3.512

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

Income Ratios (%)	2022	%	2021	2020	2019
Cost Income Ratio (CIR)	52,06	-3,73	55,80	53,87	54,81
Cost Income Ratio ex. Trading (CIRex)	55,89	-4,93	60,82	57,97	57,98
Return on Assets (ROA)	0,96	+0,11	0,85	0,28	0,62
Return on Equity (ROE)	13,49	+1,97	11,52	4,12	7,91
Return on Assets before Taxes (ROAbT)	1,45	+0,36	1,09	0,71	1,01
Return on Equity before Taxes (ROEbT)	20,46	+5,60	14,86	10,49	12,83
Return on Risk-Weighted Assets (RORWA)	2,03	+0,20	1,83	0,58	1,19
Return on Risk-Weighted Assets before Taxes (RORWAbT)	3,07	+0,72	2,35	1,49	1,93
Net Financial Margin (NFM)	3,10	+0,48	2,62	2,61	2,61
Pre-Impairment Operating Profit / Assets	1,90	+0,36	1,54	1,37	1,52

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)	2022	%	2021	2020	2019
Cash and Balances with Central Banks	84.157	+14,5	73.480	71.729	48.578
Net Loans to Banks	10.836	+2,9	10.530	12.702	11.932
Net Loans to Customers	358.466	+12,0	320.079	312.388	383.749
Total Securities	138.882	-3,2	143.452	146.178	140.880
Total Derivative Assets	41.652	+27,2	32.743	42.224	33.989
Other Financial Assets	47.018	-11,4	53.095	34.022	35.784
Financial Assets	**681.011**	**+7,5**	**633.379**	**619.243**	**654.912**
Equity Accounted Investments	916	+1,8	900	1.437	1.488
Other Investments	201	+84,4	109	222	252
Insurance Assets	210	-21,9	269	306	341
Non-current Assets & Discontinued Ops	1.022	-3,7	1.061	85.986	3.079
Tangible and Intangible Assets	10.692	+13,9	9.386	9.946	16.782
Tax Assets	16.472	+3,9	15.849	16.526	17.083
Total Other Assets	2.616	+35,4	1.932	2.510	3.800
Total Assets	**713.140**	**+7,6**	**662.885**	**736.176**	**697.737**

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

Asset Ratios (%)	2022	%	2021	2020	2019
Net Loans to Customers / Assets	50,27	+1,98	48,29	42,43	55,00
Risk-weighted Assets[1] / Assets	47,27	+0,83	46,43	47,99	0,00
NPL[2]/ Loans to Customers[3]	3,87	-0,85	4,72	4,81	4,33
NPL[2]/ Risk-weighted Assets[1]	3,99	-0,76	4,75	4,13	4,35
Potential Problem Loans[4]/ Loans to Customers[3]	9,57	-1,35	10,92	9,99	8,92
Reserves[5]/ NPL[2]	86,86	+5,41	81,45	81,67	83,09
Cost of Risk / Loans to Customers[3]	0,96	-0,02	0,98	1,77	0,98
Cost of Risk / Risk-weighted Assets[1]	0,99	+0,00	0,99	1,52	0,99
Cost of Risk / Total Assets	0,47	+0,01	0,46	0,73	0,52

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)	2022	%	2021	2020	2019
Total Deposits from Banks	57.311	-2,1	58.542	62.053	51.572
Total Deposits from Customers	392.337	+12,3	349.349	342.862	384.700
Total Debt	58.717	-0,7	59.159	66.311	68.619
Derivative Liabilities	41.212	+20,0	34.331	43.998	36.298
Securities Sold, not yet Purchased	-	-	-	-	-
Other Financial Liabilities	87.149	-0,3	87.395	71.563	68.628
Total Financial Liabilities	**636.726**	**+8,1**	**588.776**	**586.787**	**609.817**
Insurance Liabilities	11.848	+9,0	10.865	9.951	15.016
Non-current Liabilities & Discontinued Ops	-	-	-	75.446	1.554
Tax Liabilities	2.741	+13,6	2.413	2.355	2.808
Provisions	4.933	-16,2	5.888	6.141	6.538
Total Other Liabilities	6.277	+1,5	6.183	5.476	7.079
Total Liabilities	**662.525**	**+7,9**	**614.125**	**686.156**	**642.812**
Total Equity	**50.615**	**+3,8**	**48.760**	**50.020**	**54.925**
Total Liabilities and Equity	**713.140**	**+7,6**	**662.885**	**736.176**	**697.737**

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

Capital Ratios and Liquidity (%)	2022	%	2021	2020	2019
Total Equity / Total Assets	7,10	-0,26	7,36	6,79	7,87
Leverage Ratio[1]	6,49	-0,31	6,80	6,69	6,80
Common Equity Tier 1 Ratio (CET1)[2]	12,68	-0,30	12,98	12,15	11,98
Tier 1 Ratio (CET1 + AT1)[2]	14,22	-0,62	14,84	14,04	13,64
Total Capital Ratio (CET1 + AT1 + T2)[2]	15,98	-1,26	17,24	16,46	15,92
CET1 Minimum Capital Requirements[1]	8,63	+0,03	8,60	8,59	8,61
Net Stable Funding Ratio (NSFR)[1]	134,96	-0,07	135,03	127,00	120,00
Liquidity Coverage Ratio (LCR)[1]	163,70	-2,10	165,80	147,00	128,42

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	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 following methodologies and Rating Criteria and Definitions (v1.3):

- Bank ratings (v3.2)
- Rating of bank capital and unsecured debt instruments (v2.1)
- Environmental, Social and Governance Score for Banks (v1.0)

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:

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On 29 August 2023, 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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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.

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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.

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.

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