



Creando Oportunidades

# Catalogue Interest Rate Derivative Products

ADVERTISING COMMUNICATION

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# 01

## Introduction

# 1. Introduction

## IMPORTANT INFORMATION

The products described in this document are classified as complex under the Spanish Securities

- i. During the product's life; and
- ii. In case of early cancellation.

### What is this document?

- This document describes the nature, functioning and risks of different interest rate derivative financial instruments that the Bank makes available to you (hereinafter, individually, the "Product" and, jointly, the "Products").
- This document is NOT a contract, and therefore does not generate any obligation or right for you. The sole purpose of the document is to help you understand what the Products are and how they work.
- The prices, levels and scenarios shown in this document are indicative only and are unrelated to the levels, terms or amounts that may be agreed in the Product. They are included as an example only so that you may more easily understand the characteristics of the Products.

### To whom are these Products targeted?

- These Products are intended for professionals, and for eligible counterparties. Retail customers will have access to the pre-contractual documentation prepared for such customers in relation to the products.

- We inform you that we will not be verifying your compatibility with the target market defined for these Products. We would only do so in the case where you are acquiring this product as a result of investment advisory provided by BBVA.

### Forms of communication

- If you decide to contract any of the Products, you must do so by one of the means provided by the Bank for the purpose.
- For flexible and simple communication, we can send emails to you at the email address we have validated for you at any given time, or to the email address that we normally use for communications. Additionally, we can send you communications by postal mail or via the website [www.bbva.es](http://www.bbva.es). If we use other email addresses in future, we will let you know.
- Communications and information sent between us will normally be in the same language in which the contract is signed. If you wish to contact us in relation to this Product, you may do so in Spanish.
- If you need any further explanation or other information regarding the Products' operation and risks, please consult with your usual branch or any branch in the BBVA network.

# 02

## Definitions

## 2. Definitions

The terms defined below will have the following meaning for the purposes of this document. Additionally, there are different types of Attribute that may be applied to certain types of product.

Bank or BBVA	<p>Banco Bilbao Vizcaya Argentaria, S.A. We are registered in the Vizcaya Companies Register with Tax ID A-48265169 and our registered address is Plaza de San Nicolás, 4, Bilbao.</p> <p>We are entered in the Companies Register of the Bank of Spain as no. 0182 and are authorized to provide investment services under the supervision of the Bank of Spain (Calle Alcalá, 48 Madrid – <a href="http://www.bde.es">www.bde.es</a>) and of the Spanish National Stock Market Commission (Calle Edison, 4 Madrid – <a href="http://www.cnmv.es">www.cnmv.es</a>).</p>
Notional amount	<p>Reference amount set for each Calculation Period, on which the Settlements are calculated</p> <p><b>Attributes:</b></p> <ul style="list-style-type: none"> <li>■ Bullet: The Notional Amount remains constant for the entire Product</li> <li>■ Amortizing: The Notional Amount is reduced over the different Calculation Periods in the Product.</li> <li>■ Variable: The Notional Amount is reduced and/or increased over the different Calculation Periods in the Product.</li> </ul>
Start Date	<p>Date on which the first Calculation Period starts.</p> <p><b>Attributes:</b></p> <ul style="list-style-type: none"> <li>■ Spot Starting: The start of the first Calculation Period is the same as the effective trade date of the Product.</li> <li>■ Forward Starting: The start of the first Calculation Period is a specific date after the effective trade date of the Product..</li> </ul>
Maturity Date	<p>End date of the last Calculation Period.</p>

## 2. Definitions

### Settlements/ Payment Dates

Series of dates on which payments will be made. These may be different for the Client and for BBVA.

#### Attributes::

- **The same Payment Dates for the Client and BBVA:** If the Payment Dates and currencies are the same for the Client and BBVA, payments between the two parties will be settled net for both amounts.
- **Different Payment Dates for the Client and BBVA:** If the Payment Dates and currencies differ between the Client and BBVA, payments will be settled for their total amount on the corresponding Payment Dates.

In the description of the main features and risks of the products in this catalog, it has been assumed that the Payment Dates are the same for the Client and BBVA.

### Calculation Period

Period between two Payment Dates.

### Settlement Base

Agreed convention for calculating the proportion of the year corresponding to each Calculation Period used as the basis for calculating the payment. It may be different for the Client and for BBVA.

### Reference Rate

Market variable rate, which is set according to the dates and terms agreed in the Contract. There may be more than one Reference Rate in the Product, and there may be a different one for the Client and for BBVA.

### Daily Rate

Market variable rate, which is set every day of each Calculation Period, in accordance with the terms agreed in the Contract.

### Reference Rate Determination Date

Convention for determining the Reference Rate for each Calculation Period in accordance with the terms agreed in the contract. It may be different for the Client and for BBVA.

## 2. Definitions

Premium or  
Additional  
amount

### Attributes:

- In Advance Determination Date: The start date of the Calculation Period is used to determine the Reference Rate Determination Rate.
- In Arrears Determination Dates: The end date of the Calculation Period is used to determine the Reference Rate Determination Rate.

In the description of the main features and risks of the products in this catalog, it has been assumed that The Reference Rate is set in Advance.

Monetary amount the Client receives or pays on the date agreed for this purpose, for the purchase/sale of an option ("Premium") or as an additional flow of the Product ("Additional Amount").

### Attributes:

- Premium or Single Additional Amount: Payment/collection is made on a single specific date.
- Premium or Running Additional Amount: Payment/collection is made periodically throughout the Product.

Currency in which any payments and exchanges of notional amounts of the Product are made. There may be more than one Currency in the Product, and there may be a different one for the Client and for BBVA.

### Attributes:

- **Physical Delivery:** Payments and exchanges of notional amounts between the Client and BBVA are made in the relevant currency
- **Settlement by differences:** Payments and exchanges of notional amounts between the Client and BBVA are made in a single Currency, according to the terms agreed in the contract.

In the description of the main features and risks of the products in this catalog, Physical Delivery of Currency has been assumed.

Product  
Currency



## 2. Definitions

### Exchange rate

The purchase price of a monetary unit of Currency A expressed in monetary units of Currency B which is executed in a moment in the Market.

### Limited Cancellation Amount

Amount agreed at the Product Start that may not be constant for all Calculation Periods, subject to payment of the cancellation amount, in accordance with the terms of the contract. This applies only to products with the Optional Attribute of Limited Cancellation Amount.

### Market Value

Amount that BBVA should receive from or pay to a financial institution and/or an investment services company, appraiser or independent financial consultant (distinguished by their notable trading volume in the corresponding market or by their prestige in the field of analysis and/or the valuation of financial instruments) as a result of contracting, for a possible cancellation date, a product with similar characteristics to the product valued, with an economic value for BBVA equal to that of the Product being valued. According to the Market Value criterion, the calculation method used is that of updating the present value of any future rights and obligations expected by the parties as a result of the Product, the value being calculated according to the valuation factors and methodology commonly used in the market.

### Settlement Amount

Amount to be received or paid by the Client, or equal to zero, derived from the valuation of the Transaction and the costs from an early termination in the case that it took place.

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## Risks Shared by Products

### 3. Risk shared by the Products

The risks and considerations common to all Products described in this document are shown below. Furthermore, specific risks and considerations will be mentioned in each Product's description.

#### 1 Lack of Coverage Risk

The Product is set up as a risk management tool of interest rate risk, although, as it has not been designed by the Bank based on the Client's specific needs, it may not conform to the characteristics of the individual's possible debt level, leading to imperfect coverage or even to a speculative investment.

BBVA has not envisaged assessing the customer's balance sheet or currency risk management or interest rate risk when configuring the Product, so there is a risk that the Product is not ideally suited to the Client's needs. It is therefore up to the Client, as the party that is knowledgeable about the interest rate risk of its balance sheet, to ensure the Product meets its coverage or interest rate risk management needs and that the terms of its debt level are appropriate to those provided by the Product. Thus, for example, the Reference Rate, the Notional Amount or Payment Dates or the presence of any minimum interest rate clauses, among other conditions, may differ between the Product and the Client's potential debt level.

#### 2 Liquidity Risk

The Product is not a security and is, therefore, non-transferable. Moreover, the Product is not listed on any secondary market and the Client does not have the right to cancel it in advance without the express consent of the Bank. Notwithstanding the above, BBVA and the Client may agree an early termination of the Product based on Market Value criteria, with the risks to the Client explained in the specific sections of each Product.

#### 3 Leverage Risk

These Products are leveraged financial instruments, which implies that through the contribution of a small initial cash amount (or even with not initial contribution), the Client may obtain profits or losses that are much larger in size.

### 3. Risk shared by the Products

#### 4 Credit risk

The Client assumes credit risk with BBVA, which entails the possibility that the bank may not meet its contractual obligations by not making the necessary settlements to the Client during the contract term. This also includes the risk that the bank may not return the principal amount invested or delaying in carrying out such obligations, in the event of insolvency

This risk can be measured by the credit rating assigned by Credit Rating Agencies. The credit rating of BBVA can be found on the [www.bbva.com](http://www.bbva.com) website.

#### 5 No Right of Withdrawal

Regardless of the fact that the Product is contracted under the context of the Client's business or professional activity and therefore consumer protection regulations are not applicable, this party is informed that, in accordance with Article 10.2 of Law 22/ 2007 of July 11 on distance marketing of financial services, the Client has no right of withdrawal in contracting such financial instruments.

#### 6 Risk of internal recapitalization of the Bank

Act 11/2015, of June 18, on recovery and resolution of credit institutions and investment service companies (the "11/2015 Act") aims to prevent the State having to spend taxpayers' money to bail out Spanish financial institutions in the event that they find themselves in serious financial difficulties.

As an alternative, if BBVA were to find itself in a situation of serious financial difficulty, the competent authorities could, among other actions, modify the Products' conditions (expiry date, notional amount, etc.) including cancellation of all payment obligations assumed by BBVA in your favor. They could also convert the Products into BBVA ordinary shares or other equity instruments and/or arrange for the transfer of assets to a bridge entity and/or the sale of Bank assets or businesses, thus limiting the Bank's ability to pay its future obligations (including those related to the Products).

The impact on the Products depends on the hierarchical position of the customer as a creditor of the Bank, according to the applicable regulations. Further information is available at: [www.bbva.es](http://www.bbva.es)

### 3. Risk shared by the Products

#### 7 Inflation risk

The terms and conditions of this Product are those indicated in this document, and there is no adjustment for inflation. This means that the purchasing capacity of the amounts paid to you by the Bank for this Product may be affected by the effect of inflation between the date of contracting and the date on which they are received.

#### 8 Other risks

Notwithstanding the specific risks specified above, the Client should be aware that unforeseen scenarios could arise in the future that may lead to financial risks that have not been explained herein, which the Client expressly accepts.



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Products

## 4.1 Swap (IRS)

### What is the Product and how does it work?



The Product is a financial instrument under which the Client undertakes to periodically pay the Bank the amount resulting from application of a previously agreed Fixed Rate to a specific Notional Amount, and receiving as consideration an amount calculated on the basis of the same Notional Amount but in relation to a Variable Rate. The Variable Rate is the result of adding to a specified reference rate (which may be negative) a spread that has been agreed by the parties. This spread may be zero or higher/lower. In the event of a negative Variable Rate, the amount calculated on the basis of the Variable Rate to be received by the Client would instead be a charge (receiving a negative amount is equivalent to paying such amount in absolute terms).

If the Payment Dates of the Fixed Rate coincide with those of the Variable Rate, payments between the parties will be the net of the two amounts, so the Client will receive positive net Settlements (credits) provided the Variable Rate is higher than the Fixed Rate. And, concurrently and simultaneously, the Client shall pay negative net Settlements (charges) whenever the Variable Rate is lower than the Fixed Rate.

### OPTIONAL FEATURES

In addition to the characteristics described herein, this product may include the following additional feature/s:

#### **Limited Cancellation Amount**

The Client has the option of cancelling the Product, subject to payment of the Limited Cancellation Amount, pursuant to the terms agreed in the Contract.

## 4.1 Swap (IRS)

### PRODUCT TERMS

Client Pays



Fixed Rate

Client Receives\* Variable Rate



[Reference Rate + Spread]

\* If the Variable Rate is negative (as the result of the Reference Rate + negative Spread, or because the Reference Rate and/or the Spread is negative), the amount calculated for The Client Receives would become a payment owed by the Client (receiving a negative amount is equivalent to paying the absolute value of such amount).



## 4.1 Swap (IRS)

### POSSIBLE PRODUCT SCENARIOS (EXAMPLE)

The data and scenarios shown below, and throughout this document, are merely indicative, and bear no relation to the levels, terms or amounts that may be agreed in the Product. They are included as an example only so that the Client may more easily understand the characteristics of the Product.

#### Positive

If the Variable Rate is higher than the Fixed Rate, the Client will have positive Settlements.

**Example:** Fixed Rate=0.50%. Reference Rate= 0.75%, Spread = 0%, Variable Rate = 0.75% + 0% = 0.75%.

Settlement for the client  $(0.75\% - 0.50\%) \times \text{Settlement Base} \times \text{Notional Amount} = 0.25\% \times \text{Settlement Base} \times \text{Notional Amount}$

#### Negative

If the Variable Rate is lower than the Fixed rate, the Client will have negative Settlements.

**Example:** Fixed Rate=0.50%. Reference Rate= -0.25%, Spread = 0%, Variable Rate = -0.25% + 0% = -0.25%.

Settlement charged to client  $(-0.25\% - 0.50\%) \times \text{Settlement Base} \times \text{Notional Amount} = -0.75\% \times \text{Settlement Base} \times \text{Notional Amount}$ .

**The worst-case scenario for the Client is not limited, and will be worse the lower the Variable Rate is (which may be negative).**

In this case, the losses incurred by the Client would be larger the higher the Notional Amount, the longer the term to maturity of the Product and the lower the Variable Rate compared to the Fixed Rate.

## 4.1 Swap (IRS)

### Specific Product Risks



The Product presents the following risks for the Client, which may cause a net loss in equity

**1. Risk of the Client having to make payments to the Bank.**

On contracting the Product, the Client assumes the risk that they could have to pay certain amounts of money that may be higher than those that the Bank is obliged to pay. This situation occurs when the Variable Rate is lower than the Fixed Rate. The Product could therefore cause a loss for the Client that is not capped.

**2. Risk in the event of early cancellation of the Product**

Once the Product is contracted, the Client will be bound to it until the agreed maturity date is reached and will not have the right of withdrawal or cancellation unless the Bank is in agreement.

Notwithstanding the above:

- i. if, at the request of the Client, the Bank gives its consent to the early cancellation of the Product, or
- ii. the Bank cancels the Product due to non-compliance by the Client.

the Client must be aware that they will assume the risk that the Product cancellation amount, calculated by the Bank using the “Market Value” criterion, could give rise to an amount to be paid by the Client to the Bank, or vice versa. This amount payable by one party to the other is the Settlement Amount and could include a quantity in concept of costs (as per indicated in the section “Costs and Expenses Associated”) which will increase the amount to be paid by the Client or reduce the amount to be received by the Client.

It is possible that the Settlement Amount will be negative for the Client for a very large amount, and therefore the Client may incur a real loss that will be charged to their account.

## 4.1 Swap (IRS)

### Specific Product Risks



An unfavorable scenario for the Client would be one in which the Variable Rate for the Calculation Period underway and future levels in the remaining Calculation Periods were 3% lower than the Fixed Rate. In this scenario, early cancellation would entail a real loss for the Client that is higher than the sum of all the settlements pending up to the Maturity Date of:

**[Notional Amount x 3% x Settlement Base x number of remaining Payment Dates].**

However, the Settlement Amount is not capped, and it could be more negative for the Client the lower the current and future interest rates are. Also, the Settlement Amount will be more unfavorable for the Client (they will have to pay a higher amount to the Bank) the higher the Notional Amount, the longer the term to maturity of the Product and the lower the Variable Rate compared to the Fixed Rate.

**The Settlement Amount depends on interest rates:** a drop in interest rates (for terms up to Product maturity) will have a negative impact on the Settlement Amount for the Client, which will be more unfavorable for the Client the lower the rates are.

If you are a Client categorized as retail, for further information, you could check all the possible return outcomes for the Product given the different scenarios in the section “Performance Scenarios” of the associated KID. These scenarios show the money you would receive in the recommended holding period of the Product and, if it is the case, in interim periods, given an amount of EUR 10,000.

## 4.2 Swap (reverse IRS)

### What is the Product and how does it work?



The Product is a financial instrument under which the Client commits to periodically paying the Bank an amount resulting from applying a Variable Rate to a Notional Amount. The Variable Rate is the result of adding to a specified reference rate (which may be negative) a spread that has been agreed by the parties. This spread may be zero or higher/lower. In the event of a negative Variable Rate, the amount calculated on the basis of the Variable Rate to be paid by the Client would instead be a credit in the Client's favor (paying a negative amount is equivalent to receiving such amount in absolute terms). As consideration, the Client will receive an amount calculated on the basis of the same Notional Amount, but in relation to a previously agreed Fixed Rate.

If the Payment Dates of the Fixed Rate coincide with those of the Variable Rate, payments between the parties will be the net of the two amounts, so the Client will receive positive net Settlements (credits) provided the Fixed Rate is higher than the Variable Rate. And, concurrently and simultaneously, the Client shall pay negative net Settlements (charges) whenever the Fixed Rate is lower than the Variable Rate.

## 4.2 Swap (reverse IRS)

### PRODUCT TERMS

Client Pays\* Variable Rate



[Reference Rate + Spread]

Client Receives



Fixed Rate

\* If the Variable Rate is negative (as the result of the Reference Rate + negative Spread, or because the Reference Rate and/or the Spread is negative), the amount calculated for The Client Pays would become a payment to be received by the Client (paying a negative amount is equivalent to receiving the absolute value of such amount).

## 4.2 Swap (reverse IRS)

### POSSIBLE PRODUCT SCENARIOS (EXAMPLE)

The data and scenarios shown below, and throughout this document, are merely indicative, and bear no relation to the levels, terms or amounts that may be agreed in the Product. They are included as an example only so that the Client may more easily understand the characteristics of the Product.

#### Positive

If the Variable Rate is lower than the Fixed Rate, the Client will have positive Settlements.

**Example:** Fixed Rate=0.50%. Reference Rate= 0.25%, Spread = 0%, Variable Rate = 0.25% + 0% = 0.25%.

Settlement for the client  $(0.50\% - 0.25\%) \times \text{Settlement Base} \times \text{Notional Amount} = 0.25\% \times \text{Settlement Base} \times \text{Notional Amount}$ .

#### Negative

If the Variable Rate is higher than the Fixed rate, the Client will have negative Settlements.

**Example:** Fixed Rate=0.50%. Reference Rate= 1.50%, Spread = 0%, Variable Rate = 1.50% + 0% = 1.50%.

Settlement charged to client  $(-0.50\% - 1.50\%) \times \text{Settlement Base} \times \text{Notional Amount} = -1.00\% \times \text{Settlement Base} \times \text{Notional Amount}$ .

**The worst-case scenario for the Client is not limited, and will be worse the higher the Variable Rate is.**

In this case, the losses incurred by the Client would be larger the higher the Notional Amount, the longer the term to maturity of the Product and the higher the Variable Rate compared to the Fixed Rate.

## 4.2 Swap (reverse IRS)

### Specific Product Risks



The Product presents the following risks for the Client, which may cause a net loss in equity

#### **1. Risk of the Client having to make payments to the Bank.**

On contracting the Product, the Client assumes the risk that they could have to pay certain amounts of money that may be higher than those that the Bank is obliged to pay. This situation occurs when the Variable Rate is higher than the Fixed Rate. The Product could therefore cause a loss for the Client that is not capped.

#### **2. Risk in the event of early cancellation of the Product**

Once the Product is contracted, the Client will be bound to it until the agreed maturity date is reached and will not have the right of withdrawal or cancellation unless the Bank is in agreement.

Notwithstanding the above:

- i. if, at the request of the Client, the Bank gives its consent to the early cancellation of the Product, or
- ii. the Bank cancels the Product due to non-compliance by the Client.

the Client must be aware that they will assume the risk that the Product cancellation amount, calculated by the Bank using the “Market Value” criterion, could give rise to an amount to be paid by the Client to the Bank, or vice versa. This amount payable by one party to the other is the Settlement Amount and could include a quantity in concept of costs (as per indicated in the section “Costs and Expenses Associated”) which will increase the amount to be paid by the Client or reduce the amount to be received by the Client.

It is possible that the Settlement Amount will be negative for the Client for a very large amount, and therefore the Client may incur a real loss that will be charged to their account.

## 4.2 Swap (reverse IRS)

### Specific Product Risks



An unfavorable scenario for the Client would be one in which the Variable Rate for the Calculation Period underway and future levels in the remaining Calculation Periods were 3% higher than the Fixed Rate. In this scenario, early cancellation would entail a real loss for the Client that is higher than the sum of all the settlements pending up to the Maturity Date of:

**[Notional Amount x 3% x Settlement Base x number of remaining Payment Dates].**

However, the Settlement Amount is not capped, and it could be more negative for the Client the higher the current and future interest rates are. Also, the Settlement Amount will be more unfavorable for the Client (they will have to pay a higher amount to the Bank) the higher the Notional Amount, the longer the term to maturity of the Product and the higher the Variable Rate compared to the Fixed Rate.

**The Settlement Amount depends on interest rates:** an increase in interest rates (for terms up to Product maturity) will have a negative impact on the Settlement Amount for the Client, which will be more unfavorable for the Client the higher the rates are.

If you are a Client categorized as retail, for further information, you could check all the possible return outcomes for the Product given the different scenarios in the section “Performance Scenarios” of the associated KID. These scenarios show the money you would receive in the recommended holding period of the Product and, if it is the case, in interim periods, given an amount of EUR 10,000.



## 4.3 Cap Purchase

### What is the Product and how does it work?



The Product is a financial instrument with which the Client acquires the right to receive future settlements from the Bank provided the agreed Reference Rate is higher than the Cap Rate agreed on determinate dates. In exchange, the Client pays a Premium.

Once the Premium has been paid, no additional payments may be made by the Client, although the final accumulated amount of all settlements received by the Client during the lifetime of the Product may be lower than the Premium paid which, upon maturity of the Product, may result in a net loss for the Client.

## 4.3 Cap Purchase

### PRODUCT TERMS

Client Pays



Premium

Client Receives



[Reference Rate - Cap Rate] 0%

Yes: Reference Rate > Cap

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Yes: Rate Reference Rate ≤ Cap Rate

## 4.3 Cap Purchase

### POSSIBLE PRODUCT SCENARIOS (EXAMPLE)

The data and scenarios shown below, and throughout this document, are merely indicative, and bear no relation to the levels, terms or amounts that may be agreed in the Product. They are included as an example only so that the Client may more easily understand the characteristics of the Product.

#### Positive

When the Reference Rate is higher than the Cap Rate, the Client will have positive settlements that increase along with the Reference Rate.

**Example:** Reference Rate= 1.50%, Cap Rate = 1.00%  
Settlement for the client  $(1.50\% - 1.00\%) \times$   
Settlement Base x Notional = 0.50% x Settlement  
Base x Notional Amount.

The Client has paid the Premium.

#### Negative

If the Reference Rate does not exceed the Cap Rate, the Client will have no positive Settlements.

**Example:** Reference Rate= 0.75%, Cap Rate = 1.00% Zero settlement.

The Client has paid the Premium.

In the worst-case scenario, if the Reference Rate is always lower than the Cap Rate, the Client will not receive any settlement and would have paid the Premium resulting in a net loss.

## 4.3 Cap Purchase

### Specific Product Risks



The Product presents the following risks for the Client, which may cause a net loss in equity that, in the worst-case scenario, will be equal to the amount of the Premium paid, but never higher.

#### **1. Risk of the Client having to make payments to the Bank.**

By contracting the Product, the Client assumes the risk that the sum of all the settlements may be less than the premium paid or even that there may be no positive settlements, resulting in a net loss in equity for the Client in either case.

The amount of settlements depends mainly on the Reference Rate: if the Reference Rate in each period is lower than the Cap Rate, the settlement will be zero and the Client will receive no amount in that period. If the Reference Rate is higher than the Cap Rate, the settlement will be positive for the Client. In no case will there be negative settlements for the Client. However, as noted, it may be the case that there are no positive settlements, or if the sum of such settlements amount to less than the Premium paid by the Client, the latter may bear a net loss on the Product at its end.

#### **2. Risk in the event of early cancellation of the Product**

Once the Product is contracted, the Client will be bound to it until the agreed maturity date is reached and will not have the right of withdrawal or cancellation unless the Bank is in agreement.

Notwithstanding the above:

- i. if, at the request of the Client, the Bank gives its consent to the early cancellation of the Product, or
- ii. the Bank cancels the Product due to non-compliance by the Client.

the Client must be aware that they will assume the risk that the Product cancellation amount, which is calculated by the Bank according to the "Market Value" criterion, will be an amount receivable by the Client from the Bank that is less than the Premium paid by the Client, wherein the Client may incur a real loss. The amount payable by BBVA to the Client is the Settlement Amount and could include a quantity in concept of costs (as per indicated in the section "Costs and Expenses Associated") which will increase the amount to be paid by the Client or reduce the amount to be received by the Client.

## 4.3 Cap Purchase

### Specific Product Risks



The worst-case scenario for the Client would consist of Settlement Amount that is zero, and the Client has received no settlement in their favor to date, wherein the real loss would be equal to the totality of the Premium paid by the Client.

**The Settlement Amount depends on interest rates:** a drop in interest rates (for terms up to Product maturity) will have a negative impact on the Settlement Amount for the Client, which will be more unfavorable for the Client the lower the rates are.

**The Settlement Amount depends on interest rate Volatility:** a drop in interest rate volatility (for terms up to Product maturity) will have a negative impact on the Settlement Amount for the Client, which will be more unfavorable for the Client the lower the volatility.

If you are a Client categorized as retail, for further information, you could check all the possible return outcomes for the Product given the different scenarios in the section “Performance Scenarios” of the associated KID. These scenarios show the money you would receive in the recommended holding period of the Product and, if it is the case, in interim periods, given an amount of EUR 10,000.

## 4.4 Floor Purchase

### What is the Product and how does it work?



The Product is a financial instrument with which the Client acquires the right to receive future settlements from the Bank provided the agreed Reference Rate is lower than the Floor Rate agreed on determinate dates. In exchange, the Client pays a Premium.

Once the Premium has been paid, no additional payments may be made by the Client, although the final accumulated amount of all settlements received by the Client during the lifetime of the Product may be lower than the Premium paid which, upon maturity of the Product, may result in a net loss for the Client.

## 4.4 Floor Purchase

### PRODUCT TERMS

Client Pays



Premium

Client Receives



$[\text{Floor Rate} - \text{Reference Rate}] 0\%$

Yes: Reference Rate < Floor

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Yes: Rate Reference Rate  $\geq$  Floor Rate

## 4.4 Floor Purchase

### POSSIBLE PRODUCT SCENARIOS (EXAMPLE)

The data and scenarios shown below, and throughout this document, are merely indicative, and bear no relation to the levels, terms or amounts that may be agreed in the Product. They are included as an example only so that the Client may more easily understand the characteristics of the Product.

#### Positive

Whenever the Reference Rate is lower than the Floor Rate, the Client will have positive settlements that increase along with the decrease of the Reference Rate.

**Example:** Reference Rate= 1.00%, Floor Rate = 2.00%  
Settlement for the client  $(2.00\% - 1.00\%) \times \text{Settlement Base} \times \text{Notional} = 1.00\% \times \text{Settlement Base} \times \text{Notional Amount}$ .

The Client has paid the Premium.

#### Negative

In the event that the Reference Rate is higher than the Floor Rate, the Client will have no positive Settlements.

**Example:** Reference Rate= 2.05%, Floor Rate = 2.00% Zero settlement.

The Client has paid the Premium.

In the worst-case scenario, if the Reference Rate is always higher than the Floor Rate, the Client will not receive any settlement and would have paid the Premium, resulting in a net loss.



## 4.4 Floor Purchase

### Specific Product Risks



The Product presents the following risks for the Client, which may cause a net loss in equity that, in the worst-case scenario, will be equal to the amount of the Premium paid, but never higher.

#### **1. Risk of the Client having to make payments to the Bank.**

By contracting the Product, the Client assumes the risk that the sum of all the settlements may be less than the premium paid or even that there may be no positive settlements, resulting in a net loss in equity for the Client in either case.

The amount of settlements depends mainly on the Reference Rate: if the Reference Rate in each period is higher than the Floor Rate, the settlement will be zero and the Client will receive no amount in that period. If the Reference Rate is lower than the Floor Rate, the settlement will be positive for the Client. In no case will there be negative settlements for the Client. However, as noted, it may be the case that there are no positive settlements, or if the sum of such settlements amount to less than the Premium paid by the Client, the latter may bear a net loss on the Product at its end.

#### **2. Risk in the event of early cancellation of the Product**

Once the Product is contracted, the Client will be bound to it until the agreed maturity date is reached and will not have the right of withdrawal or cancellation unless the Bank is in agreement.

Notwithstanding the above:

- i. if, at the request of the Client, the Bank gives its consent to the early cancellation of the Product, or
- ii. the Bank cancels the Product due to non-compliance by the Client.

the Client must be aware that they will assume the risk that the Product cancellation amount, which is calculated by the Bank according to the "Market Value" criterion, will be an amount receivable by the Client from the Bank that is less than the Premium paid by the Client, wherein the Client may incur a real loss. The amount payable by BBVA to the Client is the Settlement Amount and could include a quantity in concept of costs (as per indicated in the section "Costs and Expenses Associated") which will increase the amount to be paid by the Client or reduce the amount to be received by the Client.

## 4.4 Floor Purchase

### Specific Product Risks



The worst-case scenario for the Client would consist of Settlement Amount that is zero, and the Client has received no settlement in their favor to date, wherein the real loss would be equal to the totality of the Premium paid by the Client.

**The Settlement Amount depends on interest rates:** an increase in interest rates (for terms up to Product maturity) will have a negative impact on the Settlement Amount for the Client, which will be more unfavorable for the Client the higher the rates are.

**The Settlement Amount depends on interest rate Volatility:** a drop in interest rate volatility (for terms up to Product maturity) will have a negative impact on the Settlement Amount for the Client, which will be more unfavorable for the Client the lower the volatility.

If you are a Client categorized as retail, for further information, you could check all the possible return outcomes for the Product given the different scenarios in the section “Performance Scenarios” of the associated KID. These scenarios show the money you would receive in the recommended holding period of the Product and, if it is the case, in interim periods, given an amount of EUR 10,000.

## 4.5 Cap Sale

### What is the Product and how does it work?



The Product is a financial instrument with which the Client acquires the obligation to pay future settlements provided the agreed Reference Rate is higher than the Cap Rate agreed on determinate dates. In exchange, the Client receives a Premium.

Once the Premium has been received, no additional payments may be made to the Client, which could mean that the final accumulated amount of all negative settlements of the Client during the lifetime of the Product may be higher than the Premium received which, upon maturity of the Product, may result in a net loss for the Client.

## 4.5 Cap Sale

### PRODUCT TERMS

Client Pays



[Reference Rate - Cap Rate] 0%

Yes: Reference Rate > Cap

---

Yes: Rate Reference Rate ≤ Cap Rate

Client Receives



Premium

## 4.5 Cap Sale

### POSSIBLE PRODUCT SCENARIOS (EXAMPLE)

The data and scenarios shown below, and throughout this document, are merely indicative, and bear no relation to the levels, terms or amounts that may be agreed in the Product. They are included as an example only so that the Client may more easily understand the characteristics of the Product.

#### Positive

Provided the Reference Rate does not exceed the Cap Rate, the Client will have no negative Settlements.

**Example:** Reference Rate= 1.00%, Cap Rate = 2.00%  
Zero settlement.

The Client has received the Premium.

#### Negative

If the Reference Rate exceeds the Cap Rate, the Client will have negative Settlements.

**Example:** Reference Rate= 3.00%, Cap Rate = 2.00%  
Settlement charged to client  $(-2.00\% - 3.00\%) \times \text{Settlement Base} \times \text{Notional Amount} = -1.00\% \times \text{Settlement Base} \times \text{Notional Amount}$ .

**A very negative scenario for the Client is one in which the Reference Rate is significantly higher than the Cap Rate.**

**Example:** Reference Rate = 20.00% CAP rate = 2.00%  
Settlement charged to Client  $(-2.00\% - 20.00\%) \times \text{Settlement Base} \times \text{Notional Amount} = -18.00\% \times \text{Settlement Base} \times \text{Notional Amount}$ .

The higher the Reference Rate (while higher than the Cap Rate), the worse the settlement will be for the Client.

## 4.5 Cap Sale

### Specific Product Risks



The Product presents the following risks for the Client, which may cause a net loss in equity

#### 1. Risk of the Client having to make payments to the Bank.

On contracting the Product, the Client assumes the risk that they will have to pay certain amounts of money that may be higher than the Premium received. The Client will have to pay when the Reference Rate is higher than the Cap Rate, and the amount payable will be higher the larger the difference between the two rates. The Product could, therefore, cause a net loss for the Client that is not capped.

#### 2. Risk in the event of early cancellation of the Product

Once the Product is contracted, the Client will be bound to it until the agreed maturity date is reached and will not have the right of withdrawal or cancellation unless the Bank is in agreement.

Notwithstanding the above:

- i. if, at the request of the Client, the Bank gives its consent to the early cancellation of the Product, or
- ii. the Bank cancels the Product due to non-compliance by the Client.

the Client must be aware that they will assume the risk that the Product cancellation amount, calculated by the Bank using the “Market Value” criterion, could give rise to an amount to be paid by the Client to the Bank, or vice versa. This amount payable by one party to the other is the Settlement Amount and could include a quantity in concept of costs (as per indicated in the section “Costs and Expenses Associated”) which will increase the amount to be paid by the Client or reduce the amount to be received by the Client.

It is possible that the Settlement Amount will be negative for the Client for a very large amount, and therefore the Client may incur a real loss that will be charged to their account.

## 4.5 Cap Sale

### Specific Product Risks



A very unfavorable scenario for the Client would be one in which the Reference Rate for the Calculation Period underway and future levels in the remaining Calculation Periods were 3% higher than the Cap Rate. In this scenario, early cancellation would entail a real loss for the Client that is higher than the sum of all the settlements pending up to the Maturity Date of:

**[Notional Amount x 3% x Settlement Base x number of remaining Payment Dates].**

However, the Settlement Amount is not capped, and it could be more negative for the Client the higher the current and future interest rates are. Also, the Settlement Amount will be more unfavorable for the Client (they will have to pay a higher amount to the Bank) the higher the Notional Amount, the longer the term to maturity of the Product and the higher the Reference Rate compared to the Cap Rate.

**The Settlement Amount depends on interest rates:** an increase in interest rates (for terms up to Product maturity) will have a negative impact on the Settlement Amount for the Client, which will be more unfavorable for the Client the higher the rates are.

**The Settlement Amount depends on interest rate Volatility:** an increase in interest rate volatility (for terms up to Product maturity) will have a negative impact on the Settlement Amount for the Client, which will be more unfavorable for the Client the higher the volatility.

If you are a Client categorized as retail, for further information, you could check all the possible return outcomes for the Product given the different scenarios in the section “Performance Scenarios” of the associated KID. These scenarios show the money you would receive in the recommended holding period of the Product and, if it is the case, in interim periods, given an amount of EUR 10,000.

## 4.6 Floor Sale

### What is the Product and how does it work?



The Product is a financial instrument with which the Client acquires the obligation to pay future settlements provided the agreed Reference Rate is lower than the Floor Rate agreed on determinate dates. In exchange, the Client receives a Premium.

Once the Premium has been received, no additional payments may be made to the Client, which could mean that the final accumulated amount of all negative settlements of the Client during the lifetime of the Product may be higher than the Premium received which, upon maturity of the Product, may result in a net loss for the Client.



## 4.6 Floor Sale

### PRODUCT TERMS

Client Pays



$[\text{Floor Rate} - \text{Reference Rate}] 0\%$

Yes: Reference Rate < Floor

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Yes: Rate Reference Rate  $\geq$  Floor Rate

Client Receives



Premium

## 4.6 Floor Sale

### POSSIBLE PRODUCT SCENARIOS (EXAMPLE)

The data and scenarios shown below, and throughout this document, are merely indicative, and bear no relation to the levels, terms or amounts that may be agreed in the Product. They are included as an example only so that the Client may more easily understand the characteristics of the Product.

#### Positive

Provided the Reference Rate does not exceed the Floor Rate, the Client will have no negative Settlements.

**Example:** Reference Rate= 3.00%, Floor Rate = 2.00%  
Zero settlement.

The Client has received the Premium.

#### Negative

In the event that the Reference Rate is lower than the Floor Cap Rate, the Client will have no negative Settlements.

**Example:** Reference Rate= 1.00%, Floor Rate = 2.00%

Settlement charged to client  $(-1.00\% - 2.00\%) \times \text{Settlement Base} \times \text{Notional Amount} = -1.00\% \times \text{Settlement Base} \times \text{Notional Amount}$ .

**The worst-case scenario for the Client is not limited, and will be worse the lower the Reference Rate is (which may be negative).**

In this case, the losses incurred by the Client would be larger the higher the Notional Amount, the longer the term to maturity of the Product and the lower the Reference Rate compared to the Fixed Rate.

## 4.6 Floor Sale

### Specific Product Risks



The Product presents the following risks for the Client, which may cause a net loss in equity

#### 1. Risk of the Client having to make payments to the Bank.

On contracting the Product, the Client assumes the risk that they will have to pay certain amounts of money that may be higher than the Premium received. The Client will have to pay when the Reference Rate is lower than the Floor Rate, and the amount payable will be higher the larger the difference between the two rates. The Product could, therefore, cause a net loss for the Client that is not capped.

#### 2. Risk in the event of early cancellation of the Product

Once the Product is contracted, the Client will be bound to it until the agreed maturity date is reached and will not have the right of withdrawal or cancellation unless the Bank is in agreement.

Notwithstanding the above:

- i. if, at the request of the Client, the Bank gives its consent to the early cancellation of the Product, or
- ii. the Bank cancels the Product due to non-compliance by the Client.

the Client must be aware that they will assume the risk that the Product cancellation amount, calculated by the Bank using the “Market Value” criterion, could give rise to an amount to be paid by the Client to the Bank, or vice versa. This amount payable by one party to the other is the Settlement Amount and could include a quantity in concept of costs (as per indicated in the section “Costs and Expenses Associated”) which will increase the amount to be paid by the Client or reduce the amount to be received by the Client.

It is possible that the Settlement Amount will be negative for the Client for a very large amount, and therefore the Client may incur a real loss that will be charged to their account.

## 4.6 Floor Sale

### Specific Product Risks



A very unfavorable scenario for the Client would be one in which the Reference Rate for the Calculation Period underway and future levels in the remaining Calculation Periods were 3% lower than the Floor Rate. In this scenario, early cancellation would entail a real loss for the Client that is higher than the sum of all the settlements pending up to the Maturity Date of:

**[Notional Amount x 3% x Settlement Base x number of remaining Payment Dates].**

However, the Settlement Amount is not capped, and it could be more negative for the Client the lower the current and future interest rates are. Also, the Settlement Amount will be more unfavorable for the Client (they will have to pay a higher amount to the Bank) the higher the Notional Amount, the longer the term to maturity of the Product and the lower the Reference Rate compared to the Cap Rate.

**The Settlement Amount depends on interest rates:** a drop in interest rates (for terms up to Product maturity) will have a negative impact on the Settlement Amount for the Client, which will be more unfavorable for the Client the lower the rates are.

**The Settlement Amount depends on interest rate Volatility:** an increase in interest rate volatility (for terms up to Product maturity) will have a negative impact on the Settlement Amount for the Client, which will be more unfavorable for the Client the higher the volatility.

If you are a Client categorized as retail, for further information, you could check all the possible return outcomes for the Product given the different scenarios in the section “Performance Scenarios” of the associated KID. These scenarios show the money you would receive in the recommended holding period of the Product and, if it is the case, in interim periods, given an amount of EUR 10,000.

## 4.7 Swap (Swaption Payer Purchase)

### What is the Product and how does it work?



The Product is a financial instrument under which the Client acquires the right to decide on a determinate date (the Exercise Date) if an IRS begins with BBVA (the IRS Product is also described in this catalog), with the previously agreed conditions (the Underlying IRS). In exchange, the Client pays a Premium.

If the Client decides to not exercise the right on the Exercise Date, the Product ends with no further payments due from one party to another. If the Client decides to exercise the right on the Exercise Date, the Client and BBVA will commence an IRS up to the End Date of the same. The

Swaption Payer Purchase, accordingly, ends on the Exercise Date and, if the Client has exercised the right, they will enter into the Underlying IRS (the conditions of which are agreed in the terms of the Product) from that moment onwards, with the implications and risks described for the IRS in this document.

### OPTIONAL FEATURES

In addition to the characteristics described herein, this product may include the following additional feature/s:

#### Settlement for Differences

If the Client exercises their right, instead of entering into the Underlying IRS, the Client will receive the Market Value of the Underlying IRS. The right will only be exercised, therefore, when the Market Value is in favor of the Client, as the Client may not have a carry a charge for this concept. There will be no settlement linked to the Underlying IRS beyond the payment to the Client, as the case may be, of the Market Value, after which the Product will have ended.

## 4.7 Swap (Swaption Payer Purchase)

### PRODUCT TERMS

#### Client Pays



Premium

The Client is entitled to commence an IRS on the Exercise Date.

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**the Client decides to exercise the option on the Exercise Date:**

Client Pays: Fixed Rate

#### Client Receives



[Reference Rate + Spread]

## 4.7 Swap (Swaption Payer Purchase)

### POSSIBLE PRODUCT SCENARIOS (EXAMPLE)

The data and scenarios shown below, and throughout this document, are merely indicative, and bear no relation to the levels, terms or amounts that may be agreed in the Product. They are included as an example only so that the Client may more easily understand the characteristics of the Product.

#### Positive

If interest rates on the Exercise Date are sufficiently high for the Underlying IRS to have a positive Market Value for the Client, the latter is entitled to enter into an IRS that is expected (as discounted by the market on the exercise date) to give rise to a net positive result for the Client.

**Example:** Market Value for Underlying IRS on Exercise Date: 2.00%.

The Client may decide to enter into an IRS with BBVA that has an expectation, as discounted by the market on the Exercise Date, of producing a positive result of 2.00% for the Client. In the event of a Settlement for Differences, the Client receives 2.00% and does not enter into the IRS.

The Client has paid the Premium.

If there is no Settlement for Differences, an interest rate decrease subsequent to the exercise date may make the Client's result under the Underlying IRS negative in net terms, even though the expectation on the Exercise Date had been favorable to the Client; this risk and the scenarios are described for the Product: IRS.

#### Negative

If interest rates on the Exercise Date are sufficiently low for the Underlying IRS to have a negative Market Value for the Client, the latter is entitled to enter into an IRS that is expected (as discounted by the market on the exercise date) to give rise to a net negative result for the Client; hence, it may not be in the Client's financial interest to exercise the right.

**Example:** Market Value for Underlying IRS on Exercise Date: -2.00%.

The Client does not enter into the IRS. If there is a Settlement for Differences, the Client is due a settlement of 0%.

The Client has paid the Premium.

## 4.7 Swap (Swaption Payer Purchase)

### Specific Product Risks



The Product presents the following risks for the Client, which may cause a net loss in equity that, in the worst-case scenario, will be equal to the amount of the Premium paid, but never higher. If the Client exercises the option on the Exercise Date, a new product would commence (an IRS) which, from that point onwards, would present the Client with the risks described for the product in this document.

#### 1. Risk of the Client having to make payments to the Bank.

By contracting the Product, the Client assumes the risk that, upon the Exercise Date, they may decide to not exercise the right to enter into the Underlying IRS. In such a case, the Client would have paid the Premium without receiving anything in return, which would amount to a net loss of equity.

If the Client exercises the option and enters into the Underlying IRS on the Exercise Date, they would have a new product (an IRS), and would be subject to the risks described for the product in this document

#### 2. Risk in the event of early cancellation of the Product

Once the Product is contracted, the Client will be bound to it until the agreed maturity date is reached and will not have the right of withdrawal or cancellation unless the Bank is in agreement.

Notwithstanding the above:

- i. if, at the request of the Client, the Bank gives its consent to the early cancellation of the Product, or
- ii. the Bank cancels the Product due to non-compliance by the Client.

the Client must be aware that they will assume the risk that the Product cancellation amount, which is calculated by the Bank according to the "Market Value" criterion, will be an amount receivable by the Client from the Bank that is less than the Premium paid by the Client, wherein the Client may incur a real loss. The amount payable by BBVA to the Client is the Settlement Amount and could include a quantity in concept of costs (as per indicated in the section "Costs and Expenses Associated") which will increase the amount to be paid by the Client or reduce the amount to be received by the Client.



## 4.7 Swap (Swaption Payer Purchase)

### Specific Product Risks



The worst-case scenario for the Client would consist of Settlement Amount that is zero, and the Client has received no settlement in their favor to date, wherein the real loss would be equal to the totality of the Premium paid by the Client.

**The Settlement Amount depends on interest rates:** a drop in interest rates (for terms up to Product maturity) will have a negative impact on the Settlement Amount for the Client, which will be more unfavorable for the Client the lower the rates are.

**The Settlement Amount depends on interest rate Volatility:** a drop in interest rate volatility (for terms up to Product maturity) will have a negative impact on the Settlement Amount for the Client, which will be more unfavorable for the Client the lower the volatility.

If you are a Client categorized as retail, for further information, you could check all the possible return outcomes for the Product given the different scenarios in the section “Performance Scenarios” of the associated KID. These scenarios show the money you would receive in the recommended holding period of the Product and, if it is the case, in interim periods, given an amount of EUR 10,000.

## 4.8 Swap (Swaption Receiver Purchase)

### What is the Product and how does it work?



The Product is a financial instrument under which the Client acquires the right to decide on a determinate date (the Exercise Date) if a Reverse IRS begins with BBVA (the Reverse IRS Product is also described in this catalog), with the previously agreed conditions (the Reverse Underlying IRS). In exchange, the Client pays a Premium.

If the Client decides to not exercise the right on the Exercise Date, the Product ends with no further payments due from one party to another.

If the Client does decide to exercise the right on the Exercise Date, the Client and BBVA will commence a Reverse IRS up to the End Date of the same. The Swaption Receiver Purchase, accordingly, ends on the Exercise Date and, if the Client has exercised the right, they will enter into the Reverse Underlying IRS (the conditions of which are agreed in the terms of the Product) from that moment onwards, with the implications and risks described for the Reverse IRS in this document.

### OPTIONAL FEATURES

In addition to the characteristics described herein, this product may include the following additional feature/s:

#### Settlement for Differences

If the Client exercises their right, instead of entering into the Reverse Underlying IRS, the Client will receive the Market Value of the Reverse Underlying IRS. The right will only be exercised, therefore, when the Market Value is in favor of the Client, as the Client may not have a carry a charge for this concept. There will be no settlement linked to the Reverse Underlying IRS beyond the payment to the Client, as the case may be, of the Market Value, after which the Product will have ended.

## 4.8 Swap (Swaption Receiver Purchase)

### PRODUCT TERMS

#### Client Pays



Premium

#### Client Receives



Fixed Rate

The Client is entitled to commence a Reverse IRS on the Exercise Date.

---

**If the Client decides to exercise the option on the Exercise Date:**

Client Pays: [Reference Rate + Spread]

## 4.8 Swap (Swaption Receiver Purchase)

### POSSIBLE PRODUCT SCENARIOS (EXAMPLE)

The data and scenarios shown below, and throughout this document, are merely indicative, and bear no relation to the levels, terms or amounts that may be agreed in the Product. They are included as an example only so that the Client may more easily understand the characteristics of the Product.

#### Positive

If interest rates on the Exercise Date are sufficiently low for the Reverse Underlying IRS to have a positive Market Value for the Client, the latter is entitled to enter into a Reverse IRS that is expected (as discounted by the market on the exercise date) to give rise to a net positive result for the Client.

**Example:** Market Value for Reverse Underlying IRS on Exercise Date: - 2.00%.

The Client may decide to enter into a Reverse IRS with BBVA that has an expectation, as discounted by the market on the Exercise Date, of producing a positive result of 2.00% for the Client. In the event of a Settlement for Differences, the Client receives 2.00% and does not enter into the IRS.

The Client has paid the Premium.

If there is no Settlement for Differences, an interest rate increase subsequent to the Exercise Date may make the Client's result under the Reverse Underlying IRS negative in net terms, even though the expectation on the Exercise Date had been favorable to the Client. This risk and scenarios are described for the Product: Reverse IRS.

#### Negative

interest rates on the Exercise Date are sufficiently high for the Reverse Underlying IRS to have a negative Market Value for the Client, the latter is entitled to enter into a Reverse IRS that is expected (as discounted by the market on the exercise date) to give rise to a net negative result for the Client; hence, it may not be in the Client's financial interest to exercise the right.

**Example:** Market Value for Reverse Underlying IRS on Exercise Date: - 2.00%.

The Client does not enter into the Reverse IRS. If there is a Settlement for Differences, the Client is due a settlement of 0%.

The Client has paid the Premium.

## 4.8 Swap (Swaption Receiver Purchase)

### Specific Product Risks



The Product presents the following risks for the Client, which may cause a net loss in equity that, in the worst-case scenario, will be equal to the amount of the Premium paid, but never higher. If the Client exercises the option on the Exercise Date, a new product would commence (a Reverse IRS) which, from that point onwards, would present the Client with the risks described for the product in this document.

#### 1. Risk of the Client having to make payments to the Bank.

By contracting the Product, the Client assumes the risk that, upon the Exercise Date, they may decide to not exercise the right to enter into the Reverse Underlying IRS. In such a case, the Client would have paid the Premium without receiving anything in return, which would amount to a net loss of equity.

If the Client exercises the option and enters into the Reverse Underlying IRS on the Exercise Date, they would have a new product (a Reverse IRS), and would be subject to the risks described for the product in this document.

#### 2. Risk in the event of early cancellation of the Product

Once the Product is contracted, the Client will be bound to it until the agreed maturity date is reached and will not have the right of withdrawal or cancellation unless the Bank is in agreement.

Notwithstanding the above:

- i. if, at the request of the Client, the Bank gives its consent to the early cancellation of the Product, or
- ii. the Bank cancels the Product due to non-compliance by the Client.

the Client must be aware that they will assume the risk that the Product cancellation amount, which is calculated by the Bank according to the "Market Value" criterion, will be an amount receivable by the Client from the Bank that is less than the Premium paid by the Client, wherein the Client may incur a real loss. The amount payable by BBVA to the Client is the Settlement Amount and could include a quantity in concept of costs (as per indicated in the section "Costs and Expenses Associated") which will increase the amount to be paid by the Client or reduce the amount to be received by the Client.

## 4.8 Swap (Swaption Receiver Purchase)

### Specific Product Risks



The worst-case scenario for the Client would consist of Settlement Amount that is zero, and the Client has received no settlement in their favor to date, wherein the real loss would be equal to the totality of the Premium paid by the Client.

**The Settlement Amount depends on interest rates:** an increase in interest rates (for terms up to Product maturity) will have a negative impact on the Settlement Amount for the Client, which will be more unfavorable for the Client the higher the rates are.

**The Settlement Amount depends on interest rate Volatility:** a drop in interest rate volatility (for terms up to Product maturity) will have a negative impact on the Settlement Amount for the Client, which will be more unfavorable for the Client the lower the volatility.

If you are a Client categorized as retail, for further information, you could check all the possible return outcomes for the Product given the different scenarios in the section “Performance Scenarios” of the associated KID. These scenarios show the money you would receive in the recommended holding period of the Product and, if it is the case, in interim periods, given an amount of EUR 10,000

## 4.9 Swap (Swaption Receiver Sale)

### What is the Product and how does it work?



If the Client decides to not exercise the right on the Exercise Date, the Product ends with no further payments due from one party to another. The Product is a financial instrument under which BBVA acquires the right to decide on a determinate date (the Exercise Date) if the Client begins with IRS with BBVA (the IRS Product is also described in this catalog), with the previously agreed conditions (the Underlying IRS). In exchange, the Client receives a Premium.

If BBVA decides to not exercise the right on the Exercise Date, the Product ends with no further payments due from one party to another.

If BBVA does decide to exercise the right on the Exercise Date, the Client and BBVA will commence an IRS up to the End Date of the same. The Swaption Receiver Sale, accordingly, ends on the Exercise Date and, if BBVA has exercised the right, the Client will enter into the Underlying IRS (the conditions of which are agreed in the terms of the Product) from that moment onwards, with the implications and risks described for the IRS in this document.

### OPTIONAL FEATURES

In addition to the characteristics described herein, this product may include the following additional feature/s:

#### Settlement for Differences

If BBVA exercises the right, instead of entering into the Underlying IRS, the Client must pay the Market Value of the Underlying IRS. The right will only be exercised, therefore, when the Market Value is against the Client, as the Client may not have a carry a credit in their favour for this concept. There will be no settlement linked to the Underlying IRS beyond the charge of the Client, as the case may be, of the Market Value, after which the Product will have ended.

## 4.9 Swap (Swaption Receiver Sale)

### PRODUCT TERMS

Client Pays



Premium

Client Receives



Reference Rate + Spread

BBVA is entitled to commence an IRS on the Exercise Date.

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**If BBVA decides to exercise the option on the Exercise Date:**

Client Pays: Fixed Rate



## 4.9 Swap (Swaption Receiver Sale)

### POSSIBLE PRODUCT SCENARIOS (EXAMPLE)

The data and scenarios shown below, and throughout this document, are merely indicative, and bear no relation to the levels, terms or amounts that may be agreed in the Product. They are included as an example only so that the Client may more easily understand the characteristics of the Product.

#### Positive

If interest rates on the Exercise Date are high enough for the Underlying IRS to have a positive Market Value for the Client, BBVA will not exercise the right to have the Client enter into an IRS.

**Example:** Market Value for Underlying IRS on Exercise Date: 2.00%.

BBVA and the Client do not enter into the IRS (BBVA does not exercise the right). If there is a Settlement for Differences, the Client is due a settlement of 0%.

The Client has received the Premium.

#### Negative

low for the Underlying IRS to have a negative Market Value for the Client, BBVA is entitled to have the Client enter into an IRS that is expected (as discounted by the market on the exercise date) to give rise to a net negative result for the Client.

**Example:** Market Value for Underlying IRS on Exercise Date: - 2.00%.

The Client has to enter into an IRS with BBVA that has an expectation, as discounted by the market on the Exercise Date, of producing a negative result of 2.00% for the Client. In the event of a Settlement for Differences, the Client pays 2.00% and does not enter into the IRS.

The Client has received the Premium.

If there is no Settlement for Differences, an interest rate decrease subsequent to the Exercise Date may make the Client's result under the Underlying IRS more negative in net terms than had been discounted by the market on the Exercise Date. This risk and scenarios are described for the Product: IRS.

In a negative scenario, losses incurred by the Client would be larger the higher the Notional Amount, the longer the term to maturity of the Underlying IRS and the lower the Variable Rate of the Underlying IRS compared to the Fixed Rate.

## 4.9 Swap (Swaption Receiver Sale)

### Specific Product Risks



The Product presents the following risks for the Client, which may cause a net loss in equity

#### 1. Risk of the Client having to make payments to the Bank.

By contracting the Product, the Client assumes the risk that, upon the Exercise Date, if interest rates are sufficient low so that the Underlying IRS will have a negative market value for the Client, BBVA may decide to exercise its right to have the Client enter into an Underlying IRS. In this case, from that moment the Client will have a new product (an IRS) and will be subject to the risks described for the same in this document.

Where BBVA makes the decision to exercise its right, the Market expectation for the result of the Underlying IRS will be that the Client will have a negative result that may be larger than the Premium collected, causing a net loss to the Client. This expectation of loss is not capped, and it will be larger the lower interest rates are.

#### 2. Risk in the event of early cancellation of the Product

Once the Product is contracted, the Client will be bound to it until the agreed maturity date is reached and will not have the right of withdrawal or cancellation unless the Bank is in agreement.

Notwithstanding the above:

- i. if, at the request of the Client, the Bank gives its consent to the early cancellation of the Product, or
- ii. the Bank cancels the Product due to non-compliance by the Client.

the Client must be aware that they will assume the risk that the Product cancellation amount, calculated by the Bank using the “Market Value” criterion, could give rise to an amount to be paid by the Client to the Bank, or vice versa. This amount payable by one party to the other is the Settlement Amount and could include a quantity in concept of costs (as per indicated in the section “Costs and Expenses Associated”) which will increase the amount to be paid by the Client or reduce the amount to be received by the Client.

## 4.9 Swap (Swaption Receiver Sale)

### Specific Product Risks



It is possible that the Settlement Amount will be negative for the Client for a very large amount, and therefore the Client may incur a real loss that will be charged to their account.

A very unfavorable scenario for the Client would be for future values of the Variable Rate to be 3% lower than the Fixed Rate for the duration of the Underlying IRS. In this scenario, early cancellation would entail a real loss for the Client that is higher than the sum of all the future settlements of the Underlying IRS:

**[Notional Amount x 3% x Settlement Base x number of remaining Payment Dates] (data of Underlying IRS).**

However, the Settlement Amount is not capped, and it could be more negative for the Client the lower the current and future interest rates are. Also, the Settlement Amount will be more unfavorable for the Client (they will have to pay a higher amount to the Bank) the higher the Notional Amount, the longer the term to maturity of the Product and the lower the Variable Rate of the Underlying IRS compared to its Fixed Rate.

**The Settlement Amount depends on interest rates:** a drop in interest rates (for terms up to Product maturity) will have a negative impact on the Settlement Amount for the Client, which will be more unfavorable for the Client the lower the rates are.

**The Settlement Amount depends on interest rate Volatility:** an increase in interest rate volatility (for terms up to Product maturity) will have a negative impact on the Settlement Amount for the Client, which will be more unfavorable for the Client the higher the volatility.

If you are a Client categorized as retail, for further information, you could check all the possible return outcomes for the Product given the different scenarios in the section “Performance Scenarios” of the associated KID. These scenarios show the money you would receive in the recommended holding period of the Product and, if it is the case, in interim periods, given an amount of EUR 10,000.

## 4.10 Swap (Swaption Payer Sale)

### What is the Product and how does it work?



The Product is a financial instrument under which BBVA acquires the right to decide on a determinate date (the Exercise Date) if the Client commences a Reverse IRS with (the Reverse IRS Product is also described in this catalog), with the previously agreed conditions (the Reverse Underlying IRS). In exchange, the Client receives a Premium.

If BBVA decides to not exercise the right on the Exercise Date, the Product ends with no further payments due from one party to another.

If BBVA does decide to exercise the right on the Exercise Date, the Client and BBVA will commence a Reverse IRS up to the End Date of the same. The Swaption Payer Sale, accordingly, ends on the Exercise Date and, if BBVA has exercised the right, the Client will enter into the Reverse Underlying IRS (the conditions of which are agreed in the terms of the Product) from that moment onwards, with the implications and risks described for the Reverse IRS in this document.

### OPTIONAL FEATURES

In addition to the characteristics described herein, this product may include the following additional feature/s:

#### Settlement for Differences

If BBVA exercises the right, instead of entering into the Reverse Underlying IRS, the Client must pay the Market Value of the Underlying IRS. The right will only be exercised, therefore, when the Market Value is against the Client, as the Client may not have a carry a credit in their favour for this concept. There will be no settlement linked to the Reverse Underlying IRS beyond the charge to the Client, as the case may be, of the Market Value, after which the Product will have ended.

## 4.10 Swap (Swaption Payer Sale)

### PRODUCT TERMS

Client Pays



Premium

Client Receives



Fixed Rate

BBVA is entitled to commence a Reverse IRS on the Exercise Date.

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**If BBVA decides to exercise the option on the Exercise Date:**

Client Pays: Reference Rate + Spread

## 4.10 Swap (Swaption Payer Sale)

### POSSIBLE PRODUCT SCENARIOS (EXAMPLE)

The data and scenarios shown below, and throughout this document, are merely indicative, and bear no relation to the levels, terms or amounts that may be agreed in the Product. They are included as an example only so that the Client may more easily understand the characteristics of the Product.

#### Positive

If interest rates on the Exercise Date are low enough for the Reverse Underlying IRS to have a positive Market Value for the Client, BBVA will not exercise the right to have the Client enter into an IRS.

**Example:** Market Value for Reverse Underlying IRS on Exercise Date: - 2.00%.

BBVA and the Client do not enter into the Reverse IRS (BBVA does not exercise the right). If there is a Settlement for Differences, the Client is due a settlement of 0%.

The Client has received the Premium.

#### Negative

If interest rates on the Exercise Date are sufficiently high for the Reverse Underlying IRS to have a negative Market Value for the Client, BBVA is entitled to have the Client enter into a Reverse IRS that is expected (as discounted by the market on the exercise date) to give rise to a net negative result for the Client.

**Example:** Market Value for Reverse Underlying IRS on Exercise Date: - 2.00%.

The Client has to enter into a Reverse IRS with BBVA that has an expectation, as discounted by the market on the Exercise Date, of producing a negative result of 2.00% for the Client. In the event of a Settlement for Differences, the Client pays 2.00% and does not enter into the Reverse IRS.

The Client has received the Premium.

If there is no Settlement for Differences, an interest rate increase subsequent to the Exercise Date may make the Client's result under the Reverse Underlying IRS more negative in net terms than had been discounted by the market on the Exercise Date. This risk and scenarios are described for the Product: Reverse IRS.

In a negative scenario, losses incurred by the Client would be larger the higher the Notional Amount, the longer the term to maturity of the Reverse Underlying IRS and the higher the Variable Rate of the Underlying IRS compared to the Fixed Rate.

## 4.10 Swap (Swaption Payer Sale)

### Specific Product Risks



The Product presents the following risks for the Client, which may cause a net loss in equity

#### 1. Risk of the Client having to make payments to the Bank.

By contracting the Product, the Client assumes the risk that, upon the Exercise Date, if interest rates are sufficient high so that the Reverse Underlying IRS will have a negative market value for the Client, BBVA may decide to exercise its right to have the Client enter into a Reverse Underlying IRS. In this case, from that moment the Client will have a new product (a Reverse IRS) and will be subject to the risks described for the same in this document.

Where BBVA makes the decision to exercise its right, the Market expectation for the result of the Reverse Underlying IRS will be that the Client will have a negative result that may be larger than the Premium collected, causing a net loss to the Client. This expectation of loss is not capped, and it will be larger the higher interest rates are.

#### 2. Risk in the event of early cancellation of the Product

Once the Product is contracted, the Client will be bound to it until the agreed maturity date is reached and will not have the right of withdrawal or cancellation unless the Bank is in agreement.

Notwithstanding the above:

- i. if, at the request of the Client, the Bank gives its consent to the early cancellation of the Product, or
- ii. the Bank cancels the Product due to non-compliance by the Client.

the Client must be aware that they will assume the risk that the Product cancellation amount, calculated by the Bank using the “Market Value” criterion, could give rise to an amount to be paid by the Client to the Bank, or vice versa. This amount payable by one party to the other is the Settlement Amount and could include a quantity in concept of costs (as per indicated in the section “Costs and Expenses Associated”) which will increase the amount to be paid by the Client or reduce the amount to be received by the Client.

## 4.10 Swap (Swaption Payer Sale)

### Specific Product Risks



It is possible that the Settlement Amount will be negative for the Client for a very large amount, and therefore the Client may incur a real loss that will be charged to their account.

A very unfavorable scenario for the Client would be for future values of the Variable Rate to be 3% higher than the Fixed Rate for the duration of the Reverse Underlying IRS. In this scenario, early cancellation would entail a real loss for the Client that is higher than the sum of all the future settlements of the Reverse Underlying IRS:

**[Notional Amount x 3% x Settlement Base x number of remaining Payment Dates] (data of Reverse Underlying IRS).**

However, the Settlement Amount is not capped, and it could be more negative for the Client the higher the current and future interest rates are. Also, the Settlement Amount will be more unfavorable for the Client (they will have to pay a higher amount to the Bank) the higher the Notional Amount, the longer the term to maturity of the Product and the lower the Variable Rate of the Reverse Underlying IRS compared to its Fixed Rate.

**The Settlement Amount depends on interest rates:** an increase in interest rates (for terms up to Product maturity) will have a negative impact on the Settlement Amount for the Client, which will be more unfavorable for the Client the higher the rates are.

**The Settlement Amount depends on interest rate Volatility:** an increase in interest rate volatility (for terms up to Product maturity) will have a negative impact on the Settlement Amount for the Client, which will be more unfavorable for the Client the higher the volatility.

If you are a Client categorized as retail, for further information, you could check all the possible return outcomes for the Product given the different scenarios in the section “Performance Scenarios” of the associated KID. These scenarios show the money you would receive in the recommended holding period of the Product and, if it is the case, in interim periods, given an amount of EUR 10,000.



## 4.11 Collar

### What is the Product and how does it work?



The Product is a financial instrument under which the Client and the Bank commit to reciprocal payment of a series of periodic amounts calculated on the basis of an agreed Notional Amount. The amount and payer for each payment date will depend on the level of the Reference Rate on certain dates.

In this way, the Client acquires the right to receive future Settlements if and when the Reference Rate is higher than the agreed Cap Rate. In exchange, the Client undertakes to pay future Settlements if and when the Reference Rate is lower than the agreed Floor Rate. When the Policy rate stands between the Floor Rate and the Cap Rate, there will be no charges or credits for either party.

## 4.11 Collar

### PRODUCT TERMS

Client Pays



[Floor Rate – Reference Rate]

Yes: Reference Rate < Floor Rate

Client Receives



[Policy rate – Cap Rate]

Yes: Reference Rate < Floor Rate

## 4.11 Collar

### POSSIBLE PRODUCT SCENARIOS (EXAMPLE)

The data and scenarios shown below, and throughout this document, are merely indicative, and bear no relation to the levels, terms or amounts that may be agreed in the Product. They are included as an example only so that the Client may more easily understand the characteristics of the Product.

#### Positive

If the Reference Rate is higher than the Cap Rate, the Client will have positive Settlements.

Reference Rate= 6.00%, Cap Rate= 5.00%. Settlement for the client  $(6.00\% - 5.00\%) \times \text{Settlement Base} \times \text{Notional Amount}$

=  $1.00\% \times \text{Settlement Base} \times \text{Notional Amount}$ .

#### Negative

In the event that the Reference Rate is lower than the Floor Rate, the Client will have negative Settlements.

Reference Rate = 1.00% Floor Rate = 2.00%. Settlement charged to client  $(-1.00\% - 2.00\%) \times \text{Settlement Base} \times \text{Notional Amount} = -1.00\% \times \text{Settlement Base} \times \text{Notional Amount}$ .

**The worst-case scenario for the Client is not limited, and will be worse the lower the Reference Rate is (which may be negative).**

In this case, the losses incurred by the Client would be larger the higher the Notional Amount, the longer the term to maturity of the Product and the lower the Reference Rate compared to the Floor Rate.

## 4.11 Collar

### Specific Product Risks



The Product presents the following risks for the Client, which may cause a net loss in equity

#### **1. Risk of the Client having to make payments to the Bank.**

On contracting the Product, the Client assumes the risk that they could have to pay certain amounts of money that may be higher than those that the Bank is obliged to pay. This situation occurs when the Reference Rate is lower than the Floor Rate. The Product could therefore cause a loss for the Client that is not capped.

#### **2. Risk in the event of early cancellation of the Product**

Once the Product is contracted, the Client will be bound to it until the agreed maturity date is reached and will not have the right of withdrawal or cancellation unless the Bank is in agreement.

Notwithstanding the above:

- i. if, at the request of the Client, the Bank gives its consent to the early cancellation of the Product, or
- ii. the Bank cancels the Product due to non-compliance by the Client.

the Client must be aware that they will assume the risk that the Product cancellation amount, calculated by the Bank using the “Market Value” criterion, could give rise to an amount to be paid by the Client to the Bank, or vice versa. This amount payable by one party to the other is the Settlement Amount and could include a quantity in concept of costs (as per indicated in the section “Costs and Expenses Associated”) which will increase the amount to be paid by the Client or reduce the amount to be received by the Client.

It is possible that the Settlement Amount will be negative for the Client for a very large amount, and therefore the Client may incur a real loss that will be charged to their account.

## 4.11 Collar

### Specific Product Risks



A very unfavorable scenario for the Client would be one in which the Reference Rate for the Calculation Period underway and future levels in the remaining Calculation Periods were 3% lower than the Floor Rate. In this scenario, early cancellation would entail a real loss for the Client that is higher than the sum of all the settlements pending up to the Maturity Date of:

**[Notional Amount x 3% x Settlement Base x number of remaining Payment Dates].**

However, the Settlement Amount is not capped, and it could be more negative for the Client the lower the current and future interest rates are. Also, the Settlement Amount will be more unfavorable for the Client (they will have to pay a higher amount to the Bank) the higher the Notional Amount, the longer the term to maturity of the Product and the lower the Reference Rate compared to the Floor Rate.

**The Settlement Amount depends on interest rates:** a drop in interest rates (for terms up to Product maturity) will have a negative impact on the Settlement Amount for the Client, which will be more unfavorable for the Client the lower the rates are.

**The Settlement Amount depends on interest rate Volatility:** the relationship between interest rate volatility and the Settlement amount is complex, and depends on other factors, mainly future levels of the Reference Rate. The volatility variations of interest rates (for terms up to the maturity of the Product) will affect the Settlement Amount for the Client, where the variation may be either positive or negative for the Client.

If you are a Client categorized as retail, for further information, you could check all the possible return outcomes for the Product given the different scenarios in the section “Performance Scenarios” of the associated KID. These scenarios show the money you would receive in the recommended holding period of the Product and, if it is the case, in interim periods, given an amount of EUR 10,000.

## 4.12 Swap (Credited IRS)

### What is the Product and how does it work?



The Product is a financial instrument under which the Client and the Bank commit to reciprocal payment of two amounts calculated on the basis of a previously agreed Notional Amount. Specifically, the Bank undertakes to periodically pay the Client the amount resulting from applying the BBVA Variable Rate described below to the Notional Amount; as consideration, the Client undertakes to pay the Bank an amount calculated on the basis of the same Notional Amount and applying the Client Variable Rate, also described below. This Client Variable Rate will depend on whether a certain Reference Rate is above or below the agreed Floor Rate in each Calculation Period.

If the Client Payment Dates coincide with the BBVA Payment Dates, payments between the parties will be the net of the two amounts, so the Client will receive positive net Settlements (credits) provided the BBVA Fixed Rate is higher than the Client Variable Rate. And, concurrently and simultaneously, BBVA acquires the obligation to pay negative net Settlements (charges) whenever the BBVA Variable Rate is lower than the Client Variable Rate.

## 4.12 Swap (Credited IRS)

### PRODUCT TERMS

Client Pays



Fixed Rate

Yes: Reference Rate  $\leq$  Cap Rate

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[Reference Rate + Client Spread]

Yes: Reference Rate  $>$  Cap Rate

Client Receives



\* If the BBVA Variable Rate is negative (as the result of the Reference Rate + negative Spread, or because the Reference Rate and/or the Spread is negative), the amount calculated for The Client Receives would become a payment owed by the Client (receiving a negative amount is equivalent to paying the absolute value of such amount).

## 4.12 Swap (Credited IRS)

### POSSIBLE PRODUCT SCENARIOS (EXAMPLE)

The data and scenarios shown below, and throughout this document, are merely indicative, and bear no relation to the levels, terms or amounts that may be agreed in the Product. They are included as an example only so that the Client may more easily understand the characteristics of the Product.

#### Positive

If the BBVA Variable Rate is higher than the Client Variable Rate, the Client will have positive settlements.

**Example :** Reference Rate= 3.20%, BBVA Spread = 0%, Cap= 3.25%, Fixed Rate=2.45%. Settlement for the client  $(3.20\% - 2.45\%) \times \text{Settlement Base} \times \text{Notional Amount} = 0.75\% \times \text{Settlement Base} \times \text{Notional Amount}$ .

**Example :** Reference Rate= 4.00% Cap=3.25%, Client Spread = 0.10%, BBVA Spread= 0%

The Client pays  $[\text{Client Spread} - \text{BBVA Spread}] = -0.10\%$   
Positive settlement for Client  $(-4.00\% - 3.90\%) \times \text{Settlement Base} \times \text{Notional Amount} = -0.10\% \times \text{Settlement Base} \times \text{Notional Amount}$ .

#### Negative

If the BBVA Variable Rate is lower than the Client Variable Rate, the Client will have negative Settlements.

Reference Rate = -1.00% BBVA Spread = 0%, Cap 3.25%, Fixed Rate=2.45%. Settlement charged to client  $(-1.00\% - 2.45\%) \times \text{Settlement Base} \times \text{Notional Amount} = -3.45\% \times \text{Settlement Base} \times \text{Notional Amount}$ .

**The worst-case scenario for the Client is not limited, and will be worse the lower the BBVA Variable Rate is (which may be negative).**

In this case, the losses incurred by the Client would be larger the higher the Notional Amount, the longer the term to maturity of the Product and the lower the BBVA Variable Rate compared to the Fixed Rate.



## 4.12 Swap (Credited IRS)

### Specific Product Risks



The Product presents the following risks for the Client, which may cause a net loss in equity

#### **1. Risk of the Client having to make payments to the Bank.**

On contracting the Product, the Client assumes the risk that they could have to pay certain amounts of money that may be higher than those that the Bank is obliged to pay. This situation occurs mainly when the BBVA Variable Rate is lower than the Fixed Rate. The Product could therefore cause a loss for the Client that is not capped.

#### **2. Risk in the event of early cancellation of the Product**

Once the Product is contracted, the Client will be bound to it until the agreed maturity date is reached and will not have the right of withdrawal or cancellation unless the Bank is in agreement.

Notwithstanding the above:

- i. if, at the request of the Client, the Bank gives its consent to the early cancellation of the Product, or
- ii. the Bank cancels the Product due to non-compliance by the Client.

the Client must be aware that they will assume the risk that the Product cancellation amount, calculated by the Bank using the “Market Value” criterion, could give rise to an amount to be paid by the Client to the Bank, or vice versa. This amount payable by one party to the other is the Settlement Amount and could include a quantity in concept of costs (as per indicated in the section “Costs and Expenses Associated”) which will increase the amount to be paid by the Client or reduce the amount to be received by the Client.

It is possible that the Settlement Amount will be negative for the Client for a very large amount, and therefore the Client may incur a real loss that will be charged to their account.

## 4.12 Swap (Credited IRS)

### Specific Product Risks



An unfavorable scenario for the Client would be one in which the BBVA Variable Rate for the Calculation Period underway and future levels in the remaining Calculation Periods were 3% lower than the Fixed Rate. In this scenario, early cancellation would entail a real loss for the Client that is higher than the sum of all the settlements pending up to the Maturity Date of:

**[Notional Amount x 3% x Settlement Base x number of remaining Payment Dates].**

However, the Settlement Amount is not capped, and it could be more negative for the Client the lower the current and future interest rates are. Also, the Settlement Amount will be more unfavorable for the Client (they will have to pay a higher amount to the Bank) the higher the Notional Amount, the longer the term to maturity of the Product and the lower the BBVA Variable Rate compared to the Fixed Rate.

**The Settlement Amount depends on interest rates:** a drop in interest rates (for terms up to Product maturity) will have a negative impact on the Settlement Amount for the Client, which will be more unfavorable for the Client the lower the rates are.

**The Settlement Amount depends on interest rate Volatility:** the relationship between interest rate volatility and the Settlement amount is complex, and depends on other factors, mainly future levels of the Reference Rate. The volatility variations of interest rates (for terms up to the maturity of the Product) will affect the Settlement Amount for the Client, where the variation may be either positive or negative for the Client.

If you are a Client categorized as retail, for further information, you could check all the possible return outcomes for the Product given the different scenarios in the section “Performance Scenarios” of the associated KID. These scenarios show the money you would receive in the recommended holding period of the Product and, if it is the case, in interim periods, given an amount of EUR 10,000.

## 4.13 Swap (IRS with Purchased Floor)

### What is the Product and how does it work?



The Product is a financial instrument under which the Client and the Bank commit to reciprocal payment of two amounts calculated on the basis of a previously agreed Notional Amount. Specifically, the Bank undertakes to periodically pay the Client the amount resulting from applying the BBVA Variable Rate described below to the Notional Amount; as consideration, the Client undertakes to pay the Bank an amount calculated on the basis of the same Notional Amount and applying a Fixed Rate.

If the Client Payment Dates coincide with the BBVA Payment Dates, payments between the parties will be the net of the two amounts, so the Client will receive positive net Settlements (credits) provided the BBVA Variable Rate is higher than the Fixed Rate. And, concurrently and simultaneously, BBVA acquires the obligation to pay negative net Settlements (charges) whenever the Variable Rate is lower than the Fixed Rate.

## 4.13 Swap (IRS with Purchased Floor)

### PRODUCT TERMS

Client Pays



Fixed Rate

Client Receives\* Variable Rate



[Reference Rate + Spread]

Yes: Reference Rate + Spread > Floor Rate

Floor Rate

Yes: Reference Rate + Spread ≤ Floor Rate

\* If the Variable Rate is negative (because the Reference Rate + Spread in addition to the Floor Rate is negative), the amount calculated for the Client Receives would become a payment owed by the Client (receiving a negative amount is equivalent to paying the absolute value of such amount).

## 4.13 Swap (IRS with Purchased Floor)

### POSSIBLE PRODUCT SCENARIOS (EXAMPLE)

The data and scenarios shown below, and throughout this document, are merely indicative, and bear no relation to the levels, terms or amounts that may be agreed in the Product. They are included as an example only so that the Client may more easily understand the characteristics of the Product.

#### Positive

If the Variable Rate is higher than the Fixed Rate, the Client will have positive Settlements.

Reference Rate= 1.20%, Spread = 0%, Floor Rate= 0%,  
Fixed Rate=0.45%.

Settlement for the client  $(1.20\% - 0.45\%) \times \text{Settlement Base} \times \text{Notional Amount} = 0.75\% \times \text{Settlement Base} \times \text{Notional Amount}$ .

#### Negative

If the Variable Rate is lower than the Fixed rate, the Client will have negative Settlements.

Reference Rate = -1.00% BBVA Spread = 0%, Floor Rate = 0%,  
Fixed Rate = 0.45%

Settlement charged to client  $(-0\% - 0.45\%) \times \text{Settlement Base} \times \text{Notional Amount} = -0.45\% \times \text{Settlement Base} \times \text{Notional Amount}$ .

**The worst-case scenario for the client is for the Variable rate to be equal to or lower than the Floor Rate.**

In this case, losses for the Client will be proportional to the difference between the Fixed Rate and the Floor Rate.

## 4.13 Swap (IRS with Purchased Floor)

### Specific Product Risks



The Product presents the following risks for the Client, which may cause a net loss in equity

#### 1. Risk of the Client having to make payments to the Bank.

On contracting the Product, the Client assumes the risk that they could have to pay certain amounts of money that may be higher than those that the Bank is obliged to pay. This situation occurs mainly when the Variable Rate is lower than the Fixed Rate. Accordingly, the Product could cause a loss to the Client that is limited to the difference between the Fixed Rate and the Floor Rate.

#### 2. Risk in the event of early cancellation of the Product

Once the Product is contracted, the Client will be bound to it until the agreed maturity date is reached and will not have the right of withdrawal or cancellation unless the Bank is in agreement.

Notwithstanding the above:

- i. if, at the request of the Client, the Bank gives its consent to the early cancellation of the Product, or
- ii. the Bank cancels the Product due to non-compliance by the Client.

the Client must be aware that they will assume the risk that the Product cancellation amount, calculated by the Bank using the “Market Value” criterion, could give rise to an amount to be paid by the Client to the Bank, or vice versa. This amount payable by one party to the other is the Settlement Amount and could include a quantity in concept of costs (as per indicated in the section “Costs and Expenses Associated”) which will increase the amount to be paid by the Client or reduce the amount to be received by the Client.

It is possible that the Settlement Amount will be negative for the Client for a very large amount, and therefore the Client may incur a real loss that will be charged to their account.

## 4.13 Swap (IRS with Purchased Floor)

### Specific Product Risks



The most unfavorable scenario for the Client would be one in which the Variable Rate for the Calculation Period underway and future levels in the remaining Calculation Periods were lower than the Floor Rate. In this scenario, early cancellation would entail a real loss for the Client that is higher than the sum of all the settlements pending up to the Maturity Date of:

**[Notional Amount x (Fixed Rate – Floor Rate) x Settlement Base x number of remaining Payment Dates].**

In this case, the Settlement Amount will be more unfavorable for the Client (they will have to pay a higher amount to the Bank) the higher the Notional Amount, the longer the term to maturity of the Product and the lower the Floor Rate compared to the Fixed Rate.

**The Settlement Amount depends on interest rates:** a drop in interest rates (for terms up to Product maturity) will have a negative impact on the Settlement Amount for the Client, which will be more unfavorable for the Client the lower the rates are.

**The Settlement Amount depends on interest rate Volatility:** a drop in interest rate volatility (for terms up to Product maturity) will have a negative impact on the Settlement Amount for the Client, which will be more unfavorable for the Client the lower the volatility.

If you are a Client categorized as retail, for further information, you could check all the possible return outcomes for the Product given the different scenarios in the section “Performance Scenarios” of the associated KID. These scenarios show the money you would receive in the recommended holding period of the Product and, if it is the case, in interim periods, given an amount of EUR 10,000

## 4.14 Swap (IRS cancellable by BBVA)

### What is the Product and how does it work?



The Product is a financial instrument under which the Client undertakes to periodically pay the Bank the amount resulting from application of a previously agreed Fixed Rate to a specific Notional Amount, and receiving as consideration an amount calculated on the basis of the same Notional Amount but in relation to a Variable Rate. The Variable Rate is the result of adding to a specified reference rate (which may be negative) a spread that has been agreed by the parties. This spread may be zero or higher/lower. In the event of a negative Variable Rate, the amount calculated on the basis of the Variable Rate to be received by the Client would instead be a charge (receiving a negative amount is equivalent to paying such amount in absolute terms).

If the Payment Dates of the Fixed Rate coincide with those of the Variable Rate, payments between the parties will be the net of the two amounts, so the Client will receive positive net Settlements (credits) provided the Variable Rate is higher than the Fixed Rate. And, concurrently and simultaneously, the Client shall pay negative net Settlements (charges) whenever the Variable Rate is lower than the Fixed Rate.

BBVA reserves the right to undertake unilateral early cancellation of the Product on each payment date starting from a determinate date, where such cancellation shall not entitle either of the parties to any payment. This BBVA cancellation option is one of the parties' rights and obligations under the Product, by virtue of which the Client receives a better Fixed Rate.



## 4.14 Swap (IRS cancellable by BBVA)

### PRODUCT TERMS

Client Pays



Fixed Rate

Client Receives\*



[Reference Rate + Spread] (Variable Rate)

**BBVA reserves the option of cancelling the Product at zero cost, in accordance with the terms agreed in the Contract.**

\* If the Variable Rate is negative (as the result of the Reference Rate + negative Spread, or because the Reference Rate and/or the Spread is negative), the amount calculated for The Client Receives would become a payment owed by the Client (receiving a negative amount is equivalent to paying the absolute value of such amount).

## 4.14 Swap (IRS cancellable by BBVA)

### POSSIBLE PRODUCT SCENARIOS (EXAMPLE)

The data and scenarios shown below, and throughout this document, are merely indicative, and bear no relation to the levels, terms or amounts that may be agreed in the Product. They are included as an example only so that the Client may more easily understand the characteristics of the Product.

#### Positive

If the Variable Rate is higher than the Fixed Rate, the Client will have positive Settlements.

**Example:** Fixed Rate=0.50%. Reference Rate= 0.75%, Spread = 0%, Variable Rate = 0.75% + 0% = 0.75%.

Settlement for the client  $(0.75\% - 0.50\%) \times \text{Settlement Base} \times \text{Notional Amount} = 0.25\% \times \text{Settlement Base} \times \text{Notional Amount}$ .

#### Negative

If the Variable Rate is lower than the Fixed rate, the Client will have negative Settlements.

**Example:** Fixed Rate=0.50%. Reference Rate= -0.25%, Spread = 0%, Variable Rate = -0.25% + 0% = -0.25%.

Settlement charged to client  $(-0.25\% - 0.50\%) \times \text{Settlement Base} \times \text{Notional Amount} = -0.75\% \times \text{Settlement Base} \times \text{Notional Amount}$ .

**The worst-case scenario for the Client is not limited, and will be worse the lower the Variable Rate is (which may be negative).**

In this case, the losses incurred by the Client would be larger the higher the Notional Amount, the longer the term to maturity of the Product and the lower the Variable Rate compared to the Fixed Rate.

## 4.14 Swap (IRS cancellable by BBVA)

### Specific Product Risks



The Product presents the following risks for the Client, which may cause a net loss in equity

#### 1. Risk of the Client having to make payments to the Bank.

On contracting the Product, the Client assumes the risk that they could have to pay certain amounts of money that may be higher than those that the Bank is obliged to pay. This situation occurs when the Variable Rate is lower than the Fixed Rate. The Product could therefore cause a loss for the Client that is not capped.

#### 2. Risk in the event of early cancellation of the Product

Once the Product is contracted, the Client will be bound to it until the agreed maturity date is reached and will not have the right of withdrawal or cancellation unless the Bank is in agreement.

Notwithstanding the above:

- i. if, at the request of the Client, the Bank gives its consent to the early cancellation of the Product, or
- ii. the Bank cancels the Product due to non-compliance by the Client.

the Client must be aware that they will assume the risk that the Product cancellation amount, calculated by the Bank using the “Market Value” criterion, could give rise to an amount to be paid by the Client to the Bank, or vice versa. This amount payable by one party to the other is the Settlement Amount and could include a quantity in concept of costs (as per indicated in the section “Costs and Expenses Associated”) which will increase the amount to be paid by the Client or reduce the amount to be received by the Client.

It is possible that the Settlement Amount will be negative for the Client for a very large amount, and therefore the Client may incur a real loss that will be charged to their account.

## 4.14 Swap (IRS cancellable by BBVA)

### Specific Product Risks



The most unfavorable scenario for the Client would be one in which the Variable Rate for the Calculation Period underway and future levels in the remaining Calculation Periods were lower than the Floor Rate. In this scenario, early cancellation would entail a real loss for the Client that is higher than the sum of all the settlements pending up to the Maturity Date of:

**[Notional Amount x (Fixed Rate – Floor Rate) x Settlement Base x number of remaining Payment Dates].**

In this case, the Settlement Amount will be more unfavorable for the Client (they will have to pay a higher amount to the Bank) the higher the Notional Amount, the longer the term to maturity of the Product and the lower the Floor Rate compared to the Fixed Rate.

**The Settlement Amount depends on interest rates:** a drop in interest rates (for terms up to Product maturity) will have a negative impact on the Settlement Amount for the Client, which will be more unfavorable for the Client the lower the rates are.

**The Settlement Amount depends on interest rate Volatility:** a drop in interest rate volatility (for terms up to Product maturity) will have a negative impact on the Settlement Amount for the Client, which will be more unfavorable for the Client the lower the volatility.

If you are a Client categorized as retail, for further information, you could check all the possible return outcomes for the Product given the different scenarios in the section “Performance Scenarios” of the associated KID. These scenarios show the money you would receive in the recommended holding period of the Product and, if it is the case, in interim periods, given an amount of EUR 10,000

## 4.15 Swap (IRS cancellable by client)

### What is the Product and how does it work?



The Product is a financial instrument under which the Client undertakes to periodically pay the Bank the amount resulting from application of a previously agreed Fixed Rate to a specific Notional Amount, and receiving as consideration an amount calculated on the basis of the same Notional Amount but in relation to a Variable Rate. The Variable Rate is the result of adding to a specified reference rate (which may be negative) a spread that has been agreed by the parties. This spread may be zero or higher/lower. In the event of a negative Variable Rate, the amount calculated on the basis of the Variable Rate to be received by the Client would instead be a charge (receiving a negative amount is equivalent to paying such amount in absolute terms).

If the Payment Dates of the Fixed Rate coincide with those of the Variable Rate, payments between the parties will be the net of the two amounts, so the Client will receive positive net Settlements (credits) provided the Variable Rate is higher than the Fixed Rate. And, concurrently and simultaneously, the Client shall pay negative net Settlements (charges) whenever the Variable Rate is lower than the Fixed Rate.

The Client reserves the right to undertake unilateral early cancellation of the Product on each payment date starting from a determinate date, where such cancellation shall not entitle either of the parties to any payment. This Client cancellation option is one of the parties' rights and obligations under the Product, by virtue of which the Client receives a worse Fixed Rate.

## 4.15 Swap (IRS cancellable by client)

### PRODUCT TERMS

Client Pays



Fixed Rate

Client Receives\*



[Reference Rate + Spread] (Variable Rate)

The Client reserves the option of cancelling the Product at zero cost, in accordance with the terms agreed in the Contract.

\* If the Variable Rate is negative (as the result of the Reference Rate + negative Spread, or because the Reference Rate and/or the Spread is negative), the amount calculated for The Client Receives would become a payment owed by the Client (receiving a negative amount is equivalent to paying the absolute value of such amount).

## 4.15 Swap (IRS cancellable by client)

### POSSIBLE PRODUCT SCENARIOS (EXAMPLE)

The data and scenarios shown below, and throughout this document, are merely indicative, and bear no relation to the levels, terms or amounts that may be agreed in the Product. They are included as an example only so that the Client may more easily understand the characteristics of the Product.

#### Positive

If the Variable Rate is higher than the Fixed Rate, the Client will have positive Settlements.

**Example:** Fixed Rate=0.50%. Reference Rate= 0.75%, Spread

= 0%, Variable Rate = 0.75% + 0% = 0.75%.

Settlement for the client  $(0.75\% - 0.50\%) \times \text{Settlement Base} \times \text{Notional Amount} = 0.25\% \times \text{Settlement Base} \times \text{Notional Amount}$ .

#### Negative

If the Variable Rate is lower than the Fixed rate, the Client will have negative Settlements.

**Example:** Fixed Rate=0.50%. Reference Rate= -0.25%, Spread = 0%, Variable Rate =  $-0.25\% + 0\% = -0.25\%$ .

Settlement charged to client  $(-0.25\% - 0.50\%) \times \text{Settlement Base} \times \text{Notional Amount} = -0.75\% \times \text{Settlement Base} \times \text{Notional Amount}$ .

**The worst-case scenario for the Client is not limited, and will be worse the lower the Variable Rate is (which may be negative).**

In this case, the losses incurred by the Client would be larger the higher the Notional Amount, the longer the term to maturity of the Product and the lower the Variable Rate compared to the Fixed Rate.

## 4.15 Swap (IRS cancellable by client)

### Specific Product Risks



The Product presents the following risks for the Client, which may cause a net loss in equity

#### 1. Risk of the Client having to make payments to the Bank.

On contracting the Product, the Client assumes the risk that they could have to pay certain amounts of money that may be higher than those that the Bank is obliged to pay. This situation occurs when the Variable Rate is lower than the Fixed Rate. The Product could therefore cause a loss for the Client that is not capped.

#### 2. Risk in the event of early cancellation of the Product

Once the Product is contracted, the Client will be bound to it until the agreed maturity date is reached and will not have the right of withdrawal or cancellation unless the Bank is in agreement

Notwithstanding the above:

- i. if, at the request of the Client, the Bank gives its consent to the early cancellation of the Product, or
- ii. the Bank cancels the Product due to non-compliance by the Client.

the Client must be aware that they will assume the risk that the Product cancellation amount, calculated by the Bank using the “Market Value” criterion, could give rise to an amount to be paid by the Client to the Bank, or vice versa. This amount payable by one party to the other is the Settlement Amount and could include a quantity in concept of costs (as per indicated in the section “Costs and Expenses Associated”) which will increase the amount to be paid by the Client or reduce the amount to be received by the Client.

It is possible that the Settlement Amount will be negative for the Client for a very large amount, and therefore the Client may incur a real loss that will be charged to their account.



## 4.15 Swap (IRS cancellable by client)

### Specific Product Risks



An unfavorable scenario for the Client would be one in which the Variable Rate for the Calculation Period underway and future levels in the remaining Calculation Periods were 3% lower than the Fixed Rate. In this scenario, early cancellation would entail a real loss for the Client that is higher than the sum of all the settlements pending up to the Maturity Date of:

**[Notional Amount x 3% x Settlement Base x number of remaining Payment Dates].**

However, the Settlement Amount is not capped, and it could be more negative for the Client the lower the current and future interest rates are. Also, the Settlement Amount will be more unfavorable for the Client (they will have to pay a higher amount to the Bank) the higher the Notional Amount, the longer the term to maturity of the Product and the lower the Variable Rate compared to the Fixed Rate.

**The Settlement Amount depends on interest rates:** a drop in interest rates (for terms up to Product maturity) will have a negative impact on the Settlement Amount for the Client, which will be more unfavorable for the Client the lower the rates are.

**The Settlement Amount depends on interest rate Volatility:** a drop in interest rate volatility (for terms up to Product maturity) will have a negative impact on the Settlement Amount for the Client, which will be more unfavorable for the Client the lower the volatility.

If you are a Client categorized as retail, for further information, you could check all the possible return outcomes for the Product given the different scenarios in the section “Performance Scenarios” of the associated KID. These scenarios show the money you would receive in the recommended holding period of the Product and, if it is the case, in interim periods, given an amount of EUR 10,000.

## 4.16 Swap (Basis Swap)

### What is the Product and how does it work?



The Product is a financial instrument under which the Client undertakes to periodically pay the bank the amount resulting from applying a previously agreed Client Variable Rate (defined as the Client Reference Rate plus a Spread, that may be positive, negative or zero) to a specific Notional Amount, periodically receiving as consideration an amount calculated on the basis of the same Notional Amount but in relation to a BBVA Variable Rate.

Provided the payment dates of the parties coincide, payments between the two parties will be net for both amounts.

## 4.16 Swap (Basis Swap)

### PRODUCT TERMS

**Client Pays** \* Variable Rate Client



[Client Reference Rate + Client Spread]

**Client Receives**\* Variable Rate BBVA



[BBVA Reference Rate + BBVA Spread]

\* If any of the variable rates is negative (as the result of the reference rate + negative spread, either because the reference rate and/or spread are negative), the amount calculated for the concept of Client Pays/Client Receives (depending on which variable rate is negative) would become a flow in the opposite direction for the Client (paying a negative amount is equivalent to receiving the absolute value of such amount and receiving a negative amount is equivalent to paying its absolute amount).

## 4.16 Swap (Basis Swap)

### POSSIBLE PRODUCT SCENARIOS (EXAMPLE)

The data and scenarios shown below, and throughout this document, are merely indicative, and bear no relation to the levels, terms or amounts that may be agreed in the Product. They are included as an example only so that the Client may more easily understand the characteristics of the Product.

#### Positive

**When the BBVA Variable Rate is higher than the Client Variable Rate, this accrues a positive result for the Client.**

Although specific settlements may be negative for the Client depending on the differing periodicity of each party's payments, the contribution to the final net result of the Client when this scenario occurs is positive.

#### Negative

**When the BBVA Variable Rate is lower than the Client Variable Rate, this accrues a negative result for the Client.**

Although specific settlements may be positive for the Client depending on the differing periodicity of each party's payments, the contribution to the final net result of the Client when this scenario occurs is negative.

**The worst-case scenario for the Client is not limited, and will be worse the lower the BBVA Variable Rate is compared to the Client Variable Rate.**

In this case, the losses incurred by the Client would be larger the higher the Notional Amount, the longer the term to maturity of the Product and the lower the BBVA Variable Rate compared to the Client Variable Rate.

## 4.16 Swap (Basis Swap)

### Specific Product Risks



The Product presents the following risks for the Client, which may cause a net loss in equity

#### **1. Risk of the Client having to make payments to the Bank.**

On contracting the Product, the Client assumes the risk that they could have to pay certain amounts of money that may be higher than those that the Bank is obliged to pay. This situation occurs mainly when the BBVA Variable Rate is lower than the Client Variable Rate. The Product could therefore cause a loss for the Client that is not capped.

#### **2. Risk in the event of early cancellation of the Product**

Once the Product is contracted, the Client will be bound to it until the agreed maturity date is reached and will not have the right of withdrawal or cancellation unless the Bank is in agreement.

Notwithstanding the above:

- i. if, at the request of the Client, the Bank gives its consent to the early cancellation of the Product, or
- ii. the Bank cancels the Product due to non-compliance by the Client.

the Client must be aware that they will assume the risk that the Product cancellation amount, calculated by the Bank using the “Market Value” criterion, could give rise to an amount to be paid by the Client to the Bank, or vice versa. This amount payable by one party to the other is the Settlement Amount and could include a quantity in concept of costs (as per indicated in the section “Costs and Expenses Associated”) which will increase the amount to be paid by the Client or reduce the amount to be received by the Client.

It is possible that the Settlement Amount will be negative for the Client for a very large amount, and therefore the Client may incur a real loss that will be charged to their account.

## 4.16 Swap (Basis Swap)

### Specific Product Risks



An unfavorable scenario for the Client would be one in which the BBVA Variable Rate for the Calculation Period underway and future levels in the remaining Calculation Periods were 3% lower than the Client Variable Rate. In this scenario, early cancellation would entail a real loss for the Client that is higher than the sum of all the settlements pending up to the Maturity Date of:

**[Notional Amount x 3% x Settlement Base x number of remaining Payment Dates].**

However, the Settlement Amount is not capped, and it could be more negative for the Client the larger the differences are of present and future variable interest rates. Also, the Settlement Amount will be more unfavorable for the Client (they will have to pay a higher amount to the Bank) the higher the Notional Amount, the longer the term to maturity of the Product and the lower the BBVA Variable Rate compared to the Client Variable Rate.

**The Settlement Amount will depend on interest rates:** interest rate changes such that the BBVA Variable Rate decreases compared to the Client Variable Rate will have a negative impact on the Settlement Amount for the Client, where it is more unfavorable for the Client the lower the BBVA Variable Rate is compared to the Client Variable Rate.

If you are a Client categorized as retail, for further information, you could check all the possible return outcomes for the Product given the different scenarios in the section “Performance Scenarios” of the associated KID. These scenarios show the money you would receive in the recommended holding period of the Product and, if it is the case, in interim periods, given an amount of EUR 10,000.

## 4.17 Swap (Cross Currency Swap)

### What is the Product and how does it work?



This Product is a financial instrument with which BBVA and the Client exchange certain amounts of money in two currencies ("Currency A" and "Currency B") on certain dates (the "Payment Dates"). These amounts will be calculated by applying interest rates to the reference amounts in each currency, as set by the parties (the "Notional Amount in Currency A" and the "Notional Amount in Currency B", jointly the "Notional Amounts"). In the event of an exchange of Notional Amounts on Exchange Dates, the Client and the Bank will also exchange certain amounts in Currency A and Currency B as set by the parties.

When the Product is set up with an initial exchange of Notional Amounts, on the first Exchange Date the Client will deliver to BBVA an amount in Currency A that is equivalent to the Notional Amount in Currency A, and receive as consideration from the Bank an amount in Currency B that is equivalent to the Notional Amount in Currency B.

On each applicable Payment Date, the Bank will pay the Client an amount of Currency A that is equal to the result of multiplying "Interest Rate A" by the Notional Amount in Currency A and by the Settlement Base agreed by the parties. The Client will pay the Bank an amount in Currency B resulting from multiplying "Interest Rate B" by the Notional Amount in Currency B and by the Settlement Base.

- Amount payable by the Bank in Currency A:  $\text{Notional Amount in Currency A} \times \text{Interest Rate A} \times \text{Settlement Base}$
- Amount payable by the Client in Currency B:  $\text{Notional Amount in Currency B} \times \text{Interest Rate B} \times \text{Settlement Base}$

On each Exchange Date stipulated in the contract, the Client will pay the bank a certain amount in Currency B and the Bank will pay the Client a certain amount in Currency A (previously agreed) thus proportionally reducing the Notional Amounts.

Negative Rates: in scenarios where an interest rate is negative, the Amount Payable by the counterparty (the Bank or the Client, depending on whether Interest Rate A or Interest Rate B is negative) would be negative and, therefore, it would become an additional payment due from the other party, as collecting a negative amount is equivalent to paying its absolute value, that is, its value in positive terms.

## 4.17 Swap (Cross Currency Swap)

### PRODUCT TERMS

**Client Pays** \* Interest Rate B (in Currency B)



Currency B Reference Rate + Currency B Spread

**Client Receives**\* Interest Rate A (in Currency A)



Currency A Reference Rate + Currency A Spread

\* In scenarios where an interest rate is negative, the Amount Payable by the counterparty (the Bank or the Client, depending on whether Interest Rate A or Interest Rate B is negative) would be negative and, therefore, it would become an additional payment due from the other party, as collecting a negative amount is equivalent to paying its absolute value, that is, its value in positive terms.



## 4.17 Swap (Cross Currency Swap)

### POSSIBLE PRODUCT SCENARIOS (EXAMPLE)

The data and scenarios shown below, and throughout this document, are merely indicative, and bear no relation to the levels, terms or amounts that may be agreed in the Product. They are included as an example only so that the Client may more easily understand the characteristics of the Product.

#### Positive

If the Amount payable by the Client in Currency B is lower than the amount receivable by the Client in Currency A (using the market exchange rate between Currency A and Currency B at the payment date in order to make this comparison in like-for-like terms), the Client will have positive net settlements.

This scenario may arise when Interest Rate B is lower than Interest Rate A, and Currency B loses value against Currency A, depending on the specific configuration of the Product.

#### Negative

If the Amount payable by the Client in Currency B is larger than the amount receivable by the Client in Currency A (using the market exchange rate between Currency A and Currency B at the payment date in order to make this comparison in like-for-like terms), the Client will have negative net settlements.

This scenario may arise when Interest Rate B is higher than Interest Rate A, and Currency B gains value against Currency A, depending on the specific configuration of the Product

## 4.17 Swap (Cross Currency Swap)

### Specific Product Risks



The Product presents the following risks for the Client, which may cause a net loss in equity

#### 1. Risk of the Client having to make payments to the Bank.

On contracting the Product, the Client assumes the risk that they could have to pay certain amounts of money that may be higher than those that the Bank is obliged to pay. This situation may arise owing to a combination of two factors: when Interest Rate B is sufficiently high compared to Interest Rate A, and Currency B is sufficiently strong compared to Currency A. Consequently, the product may cause a loss to the Client, and such loss is not capped.

#### 2. Risk in the event of early cancellation of the Product

Once the Product is contracted, the Client will be bound to it until the agreed maturity date is reached and will not have the right of withdrawal or cancellation unless the Bank is in agreement.

Notwithstanding the above:

- i. if, at the request of the Client, the Bank gives its consent to the early cancellation of the Product, or
- ii. the Bank cancels the Product due to non-compliance by the Client.

the Client must be aware that they will assume the risk that the Product cancellation amount, calculated by the Bank using the “Market Value” criterion, could give rise to an amount to be paid by the Client to the Bank, or vice versa. This amount payable by one party to the other is the Settlement Amount and could include a quantity in concept of costs (as per indicated in the section “Costs and Expenses Associated”) which will increase the amount to be paid by the Client or reduce the amount to be received by the Client.

It is possible that the Settlement Amount will be negative for the Client for a very large amount, and therefore the Client may incur a real loss that will be charged to their account

## 4.17 Swap (Cross Currency Swap)

### Specific Product Risks



The Settlement Amount is not capped, and may be more negative for the Client the higher Interest Rate B is compared to Interest Rate A, and the stronger Currency B is compared to Currency A, taking account both present and future values of these variables. Also, the Settlement Amount will be more unfavorable for the Client (they will have to pay a higher amount to the Bank) the higher the Notional Amount, the longer the term to maturity of the Product.

**The Settlement Amount will depend on interest rates:** interest rate changes such that the Interest Rate A decreases compared to Interest Rate B will have a negative impact on the Settlement Amount for the Client, where it is more unfavorable for the Client the lower the Interest Rate A is compared to the Interest Rate B.

**The Settlement Amount depends on the exchange rate:** a decrease in the value of a unit of Currency A in units of Currency B, both for present and future values, will have a negative impact on the Settlement Amount for the Client, where it will be more unfavorable the more Currency A decreases in value compared to Currency B.

If you are a Client categorized as retail, for further information, you could check all the possible return outcomes for the Product given the different scenarios in the section “Performance Scenarios” of the associated KID. These scenarios show the money you would receive in the recommended holding period of the Product and, if it is the case, in interim periods, given an amount of EUR 10,000.

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# Historical market variable levels

## 5. Historical market variable levels



There are public sources<sup>1</sup> available to the Client with information on the behavior of market variables that affect the Product. The Client must be aware that when observing data from such sources, the historical behavior of market variables cannot be extrapolated to determine the future behaviour or values of such variables.

The Client is also informed that public reports are available containing estimates of possible future trends in reference rates. The Client should be aware when examining them that such forecasts are not a reliable indicator of future results and reference rates may differ from estimates.

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<sup>1</sup> Among others, the Bank of Spain ([www.bde.es](http://www.bde.es))

06

# Cross-selling

## 6. Cross-selling

- The Products set out in this document can be offered in conjunction with the granting of financing. Unless otherwise expressly indicated the Customer may contract these Products separately. If this funding has a variable interest rate (e.g., Euribor) similar or equal to the Product's reference rate, the part of the Product's risks in which its notional amount coincides with the amount of the funding for the period in which both products are valid simultaneously could be modified as follows:
  - If the Client does not receive payments from the Bank under this Product it is possible that they are benefiting from a lower interest payment on their funding.
  - Similarly, if the Customer receives payments from the Bank under this Product, it is possible that the customer is paying more interest on its funding.

Given the above, the joint effect may be a stabilization of the payments to be made. In these cases, it is especially important that you analyze the Risk of Lack of Coverage indicated above. If you have any questions, please contact us.

- These Products requires you to be the holder of a current account with the Bank in which the Product's collections and payments will be made. If you do not have an account with BBVA, you must open one.
- In addition, if not signed already, it will be necessary for the customer to sign the "Multichannel Contract".

07

# Associated costs and expenses



## 7. Associated costs and expenses

Should the Client is categorized as retail, additionally to this pre-trade information the Client has received a Key Investor Document ("KID"). For the adequate comprehension of the data included in this section, it is needed to consult some of the data the KID offers. Both documents are complementary and have the purpose of helping at understanding what the Product is and how does it work.

Through this section you will obtain information regarding the costs which may arise during the tenor of the Product and, therefore, that the Client will have to assume.

Previous table does not cover the whole Products offered by BBVA. For instance, determined taylor-made Products or Products with long tenors are not covered. If a Product is not included in the table, you will receive a separately notification by your BBVA sales representative prior to entering into the Product.

The impact of the costs and expenses on Product's return shows how total costs and expenses of the service and the product have diminished gross return of the investment during the holding period.

The details indicated in this section are estimations based on calculous and hypothesis made by BBVA and, therefore, they could differ from the actual costs and expenses assumed by the Client.

## 7. Associated costs and expenses

Example Notional Amount: 10.000€		Tenor	Percentage	Example Amount	Impact of the costs and expenses on the product's return
<b>Costs of the product:</b> - IRS - Reverse IRS - Cap Sale - Floor Sale - Swaption Receiver Sale - Swaption Payer Sale - Credited IRS - IRS with Purchased Floor - IRS cancellable by BBVA - IRS cancellable by client - Basis Swap	<b>Retail Client</b>	As disclosed in "What are the cost?" Section near "Total costs" reference of the Key Information Document ("KID").			If you maintain the Product until maturity the annualized figure is disclosed in "What are the cost?" Section near "Annual cost impact" reference of the Key Information Document ("KID").
	<b>Professional Client</b>	< 1 year	0,48%	48€	0,48%
		1 – 3 years	0,96%	96€	0,96%
		3 – 5 years	1,92%	192€	1,92%
		> 5 years	*	*	*
<b>Service Costs</b>			0,00%	0,00 €	0,00%
<b>Incentives received by BBVA from third parties</b>			0,00%	0,00 €	0,00%
Total Costs			Given that the service costs are 0 and there are not any inducement received by BBVA from third parties, Total Costs and the impact of the costs and expenses on product's return will correspond to the Costs of the Product		

\* All operations with a maturity of more than 5 years will have a maximum threshold established on the basis of the following calculation:

Maturity x cost < 1 year Ex: IRS 6 years (0.48% x 6 years = 2.88%).

## 7. Associated costs and expenses

Example Notional Amount: 10.000€		Tenor	Percentage	Example Amount	Impact of the costs and expenses on the product's return
<b>Costs of the product:</b> - Cap Purchase - Floor Purchase - Swaption Payer Purchase - Swaption Receiver Purchase - Collar - Cross Currency Swap	<b>Retail Client</b>	As disclosed in "What are the cost?" Section near "Total costs" reference of the Key Information Document ("KID").			If you maintain the Product until maturity the annualized figure is disclosed in "What are the cost?" Section near "Annual cost impact" reference of the Key Information Document ("KID").
	<b>Professional Client</b>	< 1 year	0,96%	96€	0,96%
		1 – 3 years	1,92%	192€	1,92%
		3 – 5 years	3,84%	384€	3,84%
		> 5 years	*	*	*
<b>Service Costs</b>			0,00%	0,00 €	0,00%
<b>Incentives received by BBVA from third parties</b>			0,00%	0,00 €	0,00%
<b>Total Costs</b>			Given that the service costs are 0 and there are not any inducement received by BBVA from third parties, Total Costs and the impact of the costs and expenses on product's return will correspond to the Costs of the Product		

\* All operations with a maturity of more than 5 years will have a maximum threshold established on the basis of the following calculation:

Maturity x cost < 1 year Ex: CAP Purchase 6 years (0.96% x 6 years = 5.76%).

## 7. Associated costs and expenses

### Early Termination

The Products, unless a cancellation right has been expressly agreed, do not permit the early termination or early repayment unless BBVA and the Client reach an agreement regarding the date and the early termination amount. In such case, the early termination amount at which BBVA is willing to terminate will be calculated in accordance with the “Market Value” criteria, which is, the result of terminating at present value the future rights and obligations expected for the Client and BBVA in accordance with the factors and valuation methodologies commonly employed in the market.

The previous result may imply a loss or benefit for the Client. Additionally, early termination will imply an implicit cost for the Client as if it were a new Transaction (check table in subsection i to get the cost of the Product), thus, the notional amount (i) will increase the amount the Client must pay if said amount is negative or (ii) will reduce the amount the Client must receive if the Market Value is a positive amount (as explained in section “Risk of loss in case of early termination” of each Product)

If you are a Client categorized as retail, you could check for further information, these amounts in the sections “Costs Over Time” and “How long should I hold it and can I take money out early?” of the associated KID.

## 7. Associated costs and expenses

### Other costs

The costs of the account(s) of cash in BBVA in which the receipts and payments that derive from the amounts generated by the Product are made. These costs are detailed in the BBVA rate prospectus, available at [www.bbva.es](http://www.bbva.es).

In the case of having contracted another product according with section “Cross Sale”, the commissions and expenses which may be passed on to the Client in relation to that product are included in the contract for that other product.

Additionally, it is possible that the Client has to assume other costs (including taxes) which are not included in this document and whose payment is not carried out through BBVA. Costs, such as the one regarding obtaining the Legal Entity Identifier which is compulsory according to Regulation 648/2012 (“EMIR”) and Regulation 600/2014 (“MIFIR”).

08

# Legal Notices

## 8. Legal Notices

This document has been prepared by BBVA, an entity authorized and supervised by the Bank of Spain and the Spanish National Securities Market Commission, to provide information on the operation and risks of the Product, and is not adapted to the specific circumstances of each customer.

The recipient of this document should be aware that:

- i. The content of this document has not been prepared in accordance with the provisions designed to promote the independence of investment reports and it has not been independently verified. BBVA does not undertake to communicate changes or to update its content.
- ii. This document does not constitute an offer or invitation from BBVA for the recipient to accept or participate in, or make or cancel, investments.
- iii. Conflicts of interest: The fact that BBVA seeks to obtain a profit from the sale of these Products has been classified by some courts as a conflict of interest that should be disclosed to you for the purposes of better decision making.

BBVA has adopted a conflict of interest management policy, as summarized in the following points:

- iv. **Identification of conflicts:** The policy specifies certain situations of potential conflict of interest for customers. For situations not included in the policy, a procedure has been defined for employees to inform the relevant person in advance of providing the service so that appropriate measures can be adopted to resolve them.
- v. **Prevention and management measures:** the following are some of the measures established: i) general and specific guidelines for action that prohibit certain behavior or provide a resolution for this type of situation; ii) measures aimed at preventing or limiting employees from exercising inappropriate influence over another employee or department that performs this type of service; iii) measures aimed at preventing or controlling the simultaneous or consecutive participation of an employee in different investment or auxiliary services, when such participation may generate a conflict; iv) procedures and measures aimed at preventing or controlling the exchange of information between persons or departments harming clients' interests; v) specific measures to ensure that employees who participate in the preparation of investment reports have autonomy and objectivity.
- vi. **Procedures for taking action to resolve other conflicts:** BBVA has defined a specific procedure for action aimed at resolving conflicts generated in the ordinary course of its activity and that it has not been possible to prevent.

As a last resort, if the measures taken to manage a specific conflict are not sufficient to guarantee, with reasonable certainty, that the risks will be avoided, we will disclose to you the general nature or origin of the conflict before acting on your behalf, so that you can take the decision you consider most appropriate with respect to the service that you are being provided or offered.

More details of this policy are available on the Bank's website: "[www.bbva.es](http://www.bbva.es)"

If you need any further explanation or other information regarding the nature, operation and risks of the Products, please consult with your usual branch or any branch in the BBVA network.

## 8. Legal Notices

- vii. You should be aware that if these Products are contracted by phone, the phone conversation will be recorded and you can request a copy of the recording during a period of 5 years (or 7 if so required by the competent authority) from the time it is made. A copy of recordings any conversations in which we try to contract a Product but for some reason it is not possible will also be available to you.
- viii. European regulations (MIFIR and EMIR) require that, in order to buy, sell, exchange, etc., financial instruments (such as shares, derivatives, etc.), legal entities must have an identification code denominated "LEI": Legal Entity Identifier. Therefore, in order to enter into these Products, you must have the LEI code. You can find more information about it on the following links from ESMA and CNMV: [http://cnmv.es/docportal/MiFIDII\\_MiFIR/CodigoLei.pdf](http://cnmv.es/docportal/MiFIDII_MiFIR/CodigoLei.pdf)

You should be aware that, when entering into derivative product transactions, such as the ones described in this document, you are obliged to comply with the obligations imposed by EMIR and its implementing regulations. Among these obligations, if the Client:

- Is classified as a Financial Counterparty or a Non-Financial Counterparty that exceeds the clearing threshold, you have to report, either directly or through a third party with whom you may have reached an agreement, the details of any derivative contract entered into and any modification or termination of such contracts, to a trade repository duly authorized; otherwise, you may be subject to sanctions for non-compliance. We inform you that BBVA offers its clients the possibility to make such communication in respect of those OTC derivatives entered into with BBVA, provided that the relevant contractual documentation is duly signed. In case you are interested in BBVA providing this service, please contact BBVA on the following address: [emir.delegreporting.corp@bbva.com](mailto:emir.delegreporting.corp@bbva.com).
  - Is classified as Non-Financial Counterparty that does not exceed the clearing threshold, BBVA will notify on your behalf to a trade repository determined by BBVA (as of the date of this document, DTCC Data Repository (Ireland) PLC ("DTCC")), the details of all the derivative product transactions that you enter into with BBVA and any amendment or termination thereof, and for this purposes, it will require certain information that you should provide to BBVA. In addition, your LEI should be in force. Should your LEI has expired or is not valid for any reason, BBVA will not be able to report the details of the Product.
- ix. This document cannot be, totally or partially, (a) copied, photocopied or duplicated in any way, form or medium; (b) redistributed, disclosed, cited, communicated, transmitted or used for your own benefit or that of third parties or delivered to any other person or entity without prior authorization from BBVA and, in any case, in those jurisdictions where such actions may be prohibited, limited, restricted or subject to authorization, registration or communication requirements of any kind. BBVA does not assume any responsibility for any claim, damage or loss, whether direct or indirect, that may arise from the recipient's use of this document or its contents.



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## Other information

## 9. Other Information

For flexible and simple communication, we can send emails to you at the email address we have validated for you at any given time, or to the email address that we normally use for communications. Additionally, we can send you communications by postal mail or via the website [www.bbva.es](http://www.bbva.es). If we use other email addresses in future, we will let you know.

Communications and information sent between us will normally be in the same language in which the contract is signed. If you wish to contact us in relation to any Product, you may do so in Spanish.

If you need any further explanation or other information regarding the nature, operation and risks of a Product, please consult with your usual branch or any branch in the BBVA network.