

Daily Mark Methodologies and Assumptions Disclosure Statement

General

Banco Bilbao Vizcaya Argentaria S.A. (“BBVA”) may be required to provide you a daily mid-market mark (the “Daily Mark”) for each uncleared swap transaction (each, a “Swap Transaction”) or security-based swap transaction (each, an “SBS Transaction”, and together with each Swap Transaction, a “Transaction”) it enters into with you, and to disclose to you the data sources, methodology and assumptions used to prepare the Daily Mark.

This document describes the data sources, methodologies and assumptions used to prepare the Daily Mark for the Transactions identified below.

The delivery of the Daily Mark and the disclosure of the methodologies and assumptions described below are for the sole purpose of satisfying BBVA’s obligations to you under (a) [17 CFR § 23.431\(d\)](#) with respect to the Swap Transactions identified below and (b) [17 CFR § 240.15Fh-3\(c\)\(2\)](#) with respect to the SBS Transactions identified below, and in each case, are provided by BBVA as a counterparty to the Transaction with you.

The content of this disclosure statement shall not be construed as legal, financial, tax, accounting or other advice, and you should consult your own attorney, financial advisor, tax advisor or accountant as to legal, financial, tax, accounting and related matters concerning any Transactions, including the impact on your business and the requirements and results of conducting Transactions.

NOTHING IN THIS DISCLOSURE STATEMENT AMENDS OR SUPERSEDES THE EXPRESS TERMS OF ANY TRANSACTION BETWEEN YOU AND US OR ANY RELATED GOVERNING DOCUMENTATION.

A Daily Mark will not reflect the actual market price at which an offer would be made to purchase, sell, enter into, exercise, novate, unwind, terminate or settle a Transaction. Rather, it will represent a mathematical approximation of a market value as of a given date derived from data sources, proprietary models and methodologies based on certain assumptions regarding past, present and future market conditions or other factors, or from other sources of pricing information (e.g., third party quotes, prices on trading venues, or clearinghouse marks for comparable or interpolated Transactions). In our sole discretion, we may use a variety of models, data sources, methodologies and assumptions to prepare our Daily Mark, depending upon the type of Transaction, its

characteristics, whether there is a liquid market, and other factors. To the extent that such marks may be based on inputs or information obtained from external sources, BBVA believes any such sources to be reliable but makes no representations or warranties with respect to the accuracy, reliability, or completeness of such data or information, or the resulting daily mark. BBVA reserves the right to alter, replace or vary our models, data sources methodologies, and assumptions from time to time, and shall promptly disclose any material changes to such models, data sources, methodology and assumptions during the term of the Transaction; provided that BBVA will not disclose any confidential, proprietary information about any model.

Please note that any Daily Mark BBVA provides to you for a Transaction shall not include amounts for our profits, credit reserves, hedging, funding, liquidity, or any other costs or adjustments, and may not necessarily:

- be a price at which either BBVA or you would agree to replace or terminate the Transaction;
- include adjustments you may need to make on your books and records or financial statements to account for your profits, credit reserves, hedging, funding, liquidity or other costs in connection with the Transaction;
- unless otherwise expressly agreed, be the basis for margin calls and maintenance of collateral;
- and be the value of the Transaction that is marked on our books and records.

We make no representations or warranties that the Daily Mark is suitable for complying with any financial or tax reporting obligation, determining net asset value, computing any tax liability or any other purpose, matters which you should discuss with your own financial, legal, tax, accounting and other professional advisors and, except as otherwise agreed, we disclaim any liability for any such use or reliance thereon, whether losses or damages are direct, indirect, incidental or consequential, even if we are advised of their possibility. We make no representations or warranties to you that the Daily Mark is the best price available in the marketplace. You may wish to seek representative quotations from other participants in the relevant market to compare prices or to determine the intrinsic or current market value of a particular Transaction.

For many types of Transactions, the Daily Mark is a theoretical calculation of the net present value of future payments and deliveries under the Transaction. For future payments or deliveries, the amounts or values of which are currently known, BBVA uses the actual amounts or values of such payments or deliveries in calculating the Daily Mark.

For future payments or deliveries, the amounts or values of which are not currently known, or are not currently known in the relevant currency, or that are not certain to be required to be made, BBVA calculates assumed amounts or values according to the methodologies described below.

These methodologies vary by Transaction type and generally include:

(1) Calculating a forward price, level, rate or value of each relevant Underlier (as hereinafter defined) based on the current market price, level or value of the Underlier and an appropriate rate curve, and assuming that the forward price, level, rate or value will be realized in the future (the “**Forward Price Method**”). “Underlier” means any rate (including interest and foreign exchange rates), currency, security, instrument of indebtedness, index, quantitative measure, occurrence or nonoccurrence of an event, or other financial or economic interest, or property of any kind, or any interest therein or based on the value thereof, in or by reference to which any payment or delivery under a Transaction is to be made or determined. For a Foreign Exchange Transaction, the relevant forward exchange rate will be calculated based on the current exchange rate and an appropriate rate curve for each of the Underliers.

(2) Estimating future payments or deliveries under the Transaction based on a proprietary model, which may be based on, or derived from, methodologies such as the BlackScholes option pricing model, a Monte Carlo simulation, a SABR volatility model, or other multifactor methodologies, which in each case may be subject to proprietary modifications by BBVA (generally, the “**Proprietary Model Method**”).

- a. For Transactions that have option-related elements, including swaptions and Transactions with a cap, collar, floor, knock-in, knock-out or range accrual feature, the model may incorporate, among other things, observable market inputs such as:
 - i. (A) the current market price, level, rate or value of each applicable Underlier (and where the Underlier is a swap, the factors that are relevant to the calculation of the Daily Mark for a Transaction of that type),
 - ii. (B) an implied volatility of each applicable Underlier derived from the observed price of market-traded instruments (given the application of an appropriate model and certain assumptions about the other inputs to that model and subject to the application of an interpolation methodology), and
 - iii. (C) an implied correlation among Underliers, between each applicable Underlier and another relevant price, level or value or among the volatilities of any of the foregoing derived from the observed price of market-traded instruments (given the application of an appropriate model and certain assumptions about the other inputs to that model and subject to the application of an interpolation methodology). For certain Transactions, although a methodology other than Proprietary Model Method is specified as the applicable methodology for calculating the Daily Mark, a Proprietary Model Method may be applied if the Transaction contains an option-related element.
- b. For certain Transactions, BBVA assumes that the future price, level, rate or value of each applicable Underlier will be equal to the price, level, rate or value that is implied in the

observed price of market-traded instruments given the application of an appropriate model and certain assumptions about the other inputs to that model (the “**Method Implied Value**”). Where the exercise prices and maturities of the relevant instruments do not match the exercise price of the Transaction or the date of the applicable future payment or delivery, BBVA will apply an interpolation methodology.

- c. For certain Credit Transactions, BBVA will calculate a probability-weighted amount or value for unknown future payments or deliveries by estimating (A) the likelihood that the future payment or delivery will be required to be made based on the probability of default implied in the market price of comparable swaps on the applicable index, and (B) the recovery amount upon a default based on the average of the recovery rates for each Reference Entity underlying the applicable index, as estimated by BBVA (the “**CDS Method**”).

In the calculation of the Daily Mark, the assumed future payment amounts or delivery values, along with future payment amounts and delivery values that are known with certainty, are discounted to their present value using discount rates derived from a proprietary discount curve constructed by BBVA (unless otherwise indicated). The discount curve is constructed based on (i) interest rates published for specified periods by information vendors, (ii) implied interest rates derived from the published settlement prices of futures or other market-traded instruments and (iii) the mean of bid and offer quotes for interest rate swaps (or cross-currency basis swaps, in the case of interest rates in a non-U.S. currency) available in the market for available maturities, in each case subject to adjustment and interpolation by BBVA.

The methodologies and assumptions used in determining the daily mark are those utilized for the calculation of our own books and records. Further information regarding valuation methodology description may be found in BBVA's Product Catalogue already provided to you.