

# Annual Report 2020

BBVA in Switzerland

Creating Opportunities





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# Annual Report 2020

## BBVA in Switzerland

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# Message from the Chairman and the Chief Executive Officer

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“Given the unprecedented times, BBVA in Switzerland reaffirms its commitment to develop a client centric business model, which aims to offer clients the stability and all the necessary capabilities to manage and diversify their wealth”

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BBVA in Switzerland (thereafter BBVA SA or the Bank) has ended a year with strong results, which demonstrates the solid business model it manages, being extraordinarily resilient, given the unprecedented circumstances after the COVID-19 that we have experienced during 2020 and which will foreseeably be extended during 2021.

The outbreak of the pandemic has negatively impacted and may continue to impact economic and social conditions in some of BBVA's coverage markets, including Latin America and Europe, as public, private, and government entities implement containment and quarantine measures.

As we look ahead, we are confident that the vaccination programs, as well as the implementation of containment measures, will contribute to a gradual normalization in social life and the reactivation of the economies. Given the unprecedented times, BBVA in Switzerland reaffirms its commitment to develop a client centric business model, which aims to offer clients the stability and all the necessary capabilities to manage and diversify their wealth.

## Financial results

Despite the closed borders and restricted opportunities to meet clients domestically and abroad in most of the countries we cover, we prove ourselves that we were able to bring net client inflows and new client relationships to the Bank. The total assets under management reached CHF 4,849 million or 4% less vs 5,064 million at the end of 2019. Net new money growth rate was 4%, while market effect weighted 8% in the total assets under management.

The Net Income was CHF 9.91 million in 2020, representing an increase of 29% over 2019, reaching CHF 35.1 million commission income generation, which implies an increase of 2% increase over 2019. The Bank has also controlled its expenses, reducing them by 11%, closing the year with an efficiency ratio of 72.6%, in line with our mid term targets. Our balance sheet remains well diversified with a CET1 ratio of 44.9% at the end of the year.

## Uncertain investment context

We entered the year with record highs on equity indexes and positive yields in the US. When the health crisis was imminent in the US and Europe, global financial markets suffered a sharp market correction in March 2020 because of the pandemic consequences, putting pressure on government bonds, with yields entering in negative territory in most of the developed countries. As a reaction, the stimulus programs implemented by governments and major central banks contributed to a fast recovery in the markets, reaching S&P 500 an all time high at the end of the year.

Nevertheless, the real economic situation in most countries, and especially in certain economic sectors and small businesses, is far from being normalized. The severe economic contraction, the fiscal imbalances and the debt accumulation worldwide represents a big concern for us in the long term that we would need to monitor carefully.

Discretionary mandates grew up to 13.4% of our total assets under management, contributing to a healthy distribution of our investment mandates. We believe these unprecedented times require professional investment expertise and a faster decision making process to balance risk and return.

## Digital transformation

The major strategic milestone in 2020 is the incorporation of digital assets to our banking offering. Our teams have worked intensively to build up the infrastructure and control framework needed for the custody and trading of digital assets, which will be introduced gradually to our clients during 2021.

This achievement places BBVA in Switzerland at the forefront of financial innovation by bridging the existing gap between traditional financial assets and the new digital assets. We plan to offer clients a seamless digital banking experience for both asset classes.

Since April 2020, our technology team has assured with success the possibility of working remotely to our employees and guaranteed our banking operations. The new digital onboarding platform has helped to manage the new account openings in the bank remotely, making the entire process more efficient while providing a better customer experience.

In our online banking platforms, we registered double digit growth in digital clients using the online banking services offered. Our landing web page registered historic record numbers in terms of sessions which reinforces our view of the importance of being relevant in the digital space. We continue to pursue growth and our strategy will continually evolve in this direction.

## Clients and Employees: Our Priority

Our priority during the year has been to protect our employees and clients' health, focusing on increasing the interaction with our clients in the distance. Complex times require, more than ever, maximum dedication and the best service. During 2020, we have also defined a new strategic plan for the next three years which aims to achieve sustainable growth with new business initiatives.

We are proud of everything that our team has accomplished in 2020, working predominantly from home under difficult circumstances in the world. The level of commitment we have seen in our employees to stay closer to our clients in the distance deserves recognition. We will continue pursuing our business ambitions while offering our clients stability, access to diversification and long term commitment to manage their wealth.

We want to extend our firm gratitude to our employees, clients and partners for their contribution to our business. We truly believe that any crisis brings new opportunities and we look forward to capturing them.



**Mr. Michael Huber**  
Chairman of the Board



**Mr. Alfonso Gómez**  
Chief Executive Officer

# Corporate Governance

At BBVA in Switzerland, we aim to uphold the highest degree of excellence developing Wealth Management activities, by implementing a solid corporate governance model, based on seeking out return adjusted to principles, strict legal compliance, best practices, and the creation of long-term value for all stakeholders.

The composition of the Board of Directors is a key element of BBVA Group Corporate Governance System. As such, it must help the corporate bodies to adequately perform their management and oversight functions, providing different viewpoints and opinions, fostering debate, analysis and critical review of the proposals submitted for its consideration.

Thus, the Board of Directors of BBVA SA currently consists of a combination of people with wide experience and knowledge of the financial and banking sector, with directors with experience and knowledge of different matters that are of interest to the Bank and Group (such as auditing, digital business and technology, legal and academic fields or multinational businesses), overall achieving adequate balance and diversity in its composition, allowing for a better operation.

## Board of Directors

### Corporate Governance Structure: Board of Directors (as of December 31<sup>st</sup> 2020)

Full name	Post on Board of Directors	Type of directorship	Date first appointed	Date last appointed
<b>Dr. Michael Huber</b> <sup>(1)</sup>	Chairman	Independent Member, Partner with the law firm Wenger & Vieli AG, Zurich	March 15 <sup>th</sup> , 2000	April 28 <sup>th</sup> , 2016
<b>Ms. Carmen Pérez</b>	Member	BBVA	April 28 <sup>th</sup> , 2016	April 23 <sup>rd</sup> , 2020
<b>Ms. Alicia Pertusa</b>	Member	BBVA	July 9 <sup>th</sup> , 2020	
<b>Mr. Roberto Hayer</b> <sup>(1)</sup>	Member	Independent Member, Partner with the law firm Reber, Zurich	April 28 <sup>th</sup> , 2016	
<b>Mr. Humberto García</b>	Member	BBVA	April 28 <sup>th</sup> , 2016	
<b>Mr. Eduardo de Fuentes</b>	Member	BBVA	April 28 <sup>th</sup> , 2016	
<b>Mr. Martin Menzi</b> <sup>(2)</sup>	Secretary	BBVA	December 4 <sup>th</sup> , 2006	

<sup>(1)</sup> Independent Member of the Board of Directors according to FINMA Circular 2017/1, mn 17.

<sup>(2)</sup> Non-member.

The Board of Directors currently comprises five members. Two of them are independent members. The Secretary is not a member of the Board of Directors. This corporate body has the structure, size and composition adjusted to corporate needs.

The functions and activities of Board Members are ruled by the principles of responsibility, transparency and independence.

Board Members shall participate in the deliberations, discussions and debates on matters submitted for their consideration.

### Changes in the Composition of the Board

During 2020, there has been one change in the composition of the Board of Directors. The Board of Directors approved the incorporation of Ms. Alicia Pertusa as a new Board Member as Mrs. Carmen Pérez de Muniain did not stand for re-election.

Alicia Pertusa brings professional experience in BBVA holding and expertise at senior level in Business Development, as well as new technologies such as Blockchain, where she has been focused on over the last five years at BBVA as a Head of Blockchain in the Client Solutions holding team.

## Education and Experience of the members of the Board of Directors

The background of the Board Members is very diverse and combines members with experience and knowledge of the Group, its businesses and the financial sector in general, with others having relevant training, skills, knowledge and experience in sectors such as legal, audit, IT and the banking sector in Switzerland and Europe.

Dr. Michael Huber, PhD in Law, University of Zurich. Admitted to the Zurich Bar/Swiss Bar. 37 years of professional experience as Associate and Partner with various law firms in control functions and the day-to-day management of the Bank are performed with excellence. These committees consist of employees with responsibility on relevant areas.

Ms. Alicia Pertusa, Bachelor's Degree in Law and Business Administration, MBA INSEAD. 20 years of professional experience in Consulting at McKinsey & Company, Business Development and Marketing Director of Financing Products at Deutsche Bank and various positions at BBVA (Head of Digital Transformation in Corporate and Investment Banking-CIB, Head of Strategy, Research & Digital Assets, Independent Businesses), among other positions.

Mr. Roberto Hayer, Master's degree in Law, University of Basel. Admitted to the Basel Bar/Swiss Bar. 25 years of professional experience as Associate and Partner with various law firms in Switzerland and Spain, among other positions.

Mr. Humberto García, MSc Financial Engineering. BSc in Economics. 29 years of professional experience as Director Global Wealth at BBVA Spain and Chief Investment Officer at BBVA Mexico, among other positions.

Mr. Eduardo de Fuentes, MBA P.A.D.E and P.D.G. Graduate in Law. 41 years of professional experience as Executive Chairman of Occidental Hotels, Chairman of the Corporate Social Responsibility Division of Ambar Capital y Expansión and various positions at BBVA (Global Head of BBVA Pensions and Insurance in the Americas), among other positions.

Mr. Martin Menzi, Master's degree in Law, University of Zurich. Admitted to the Zurich Bar/Swiss Bar. 34 years of professional experience as Associate and Partner with various law firms in Switzerland and General Counsel at BBVA Switzerland, among other positions.

## Members of Senior Management

Senior Management shall deal with those matters, which the Board of Directors has delegated in compliance with current legislation, the Company's Bylaws and its Business and Organization Regulations.

Senior Management has created a structure of internal committees, which help to ensure that the oversight and control functions and the day-to-day management of the Bank are performed with excellence. These committees consist of employees with responsibility on relevant areas.

### Members of Senior Management (as of December 31<sup>st</sup>, 2020)

Full name	Post on company organization
Mr. Alfonso Gómez	Chief Executive Officer/General Manager
Mr. Fernando Álamo	Finance
Mr. Sergio Pedrosa	Business
Mr. Francisco Javier Arranz	Operations
Ms. Janet Pitan	Talent and Culture
Mr. Juan Carlos Muñoz	Risk Management
Mr. Martin Menzi	General Counsel
Mr. Iñigo Berasaluce	Compliance
Mr. Alberto Villasán	Investment and Markets
Mr. Javier Rubio	Client Solutions
Mr. Rafael Párrizas <sup>(1)</sup>	Internal Audit

<sup>(1)</sup> Director and reports directly to the Board of Directors; does not belong to the Management Committee.

## Education and Experience of the members of Senior Management

Mr. Alfonso Gómez, Leadership degree, IESE University of Navarra, Madrid-Spain. Economics degree specialized in "Public Sector", Universidad Autónoma de Madrid. 27 years of professional experience within the BBVA Group in Madrid, New York, London and Zurich, of which 7 years at BBVA in Switzerland.

Mr. Fernando Álamo, Master's degree in Quantitative Finance, Afi Escuela de Finanzas, Madrid. Telecommunications Engineering degree, Universidad Politécnica de Madrid. 21 years of professional experience within the BBVA Group in Madrid and Zurich, of which 2 years at BBVA in Switzerland.

Mr. Sergio Pedrosa, Bachelor's degree in Law, University of Barcelona. European Financial Planner (EFPA). 22 years of professional experience within the BBVA Group, in Madrid, Barcelona and Zurich, of which 19 years at BBVA in Switzerland.

Mr. Francisco Javier Arranz, MBA in Foreign Trade. Faculty of Economics and Business - Elcano (Biscay). Business Administration degree from the Faculty of Economics and Business (Sarriko, Biscay). 24 years of professional experience within the BBVA Group in Bilbao, Madrid, Jersey and Zurich, of which 18 years at BBVA in Switzerland.

Ms. Janet Pitan, Economics and Business Administration degree with Specialization in Finance, Universidad Complutense in Madrid. Certified International Coach. 23 years of professional experience within the BBVA Group in Madrid and Zurich, of which 7 years at BBVA in Switzerland.

Mr. Juan Carlos Muñoz, Master's degree in Finance, Universidad del Pacífico in Lima. Economics degree, Universidad Ricardo Palma in Lima. 20 years of professional experience within the BBVA Group in Lima and Zurich, of which 12 years at BBVA in Switzerland.

Mr. Iñigo Berasaluce, Bachelor's degree in Law, University of Deusto. Certified Anti-Money Laundering Specialist (ACAMS). 30 years of professional experience within the BBVA Group in Valencia, Bilbao, Madrid, Zurich and Hong Kong, of which 15 years at BBVA in Switzerland.

Mr. Alberto Villasán, Higher Diploma in Aerospace Engineering, Polytechnic University of Madrid. Master's degree in Financial Markets, BBVA Financial School.

Chartered Financial Analyst (CFA). MBA Instituto Empresa. 23 years of professional experience within the BBVA Group in Madrid and Zurich, of which 9 years at BBVA in Switzerland.

Mr. Javier Rubio, Master's degree in Finance, Instituto de Estudios Bursátiles (I.E.B.) in Madrid. Bachelor's degree in Law and Jurisprudence, University Complutense Madrid. 15 years of professional experience within the BBVA Group in New York and Zurich, of which 11 years at BBVA in Switzerland.

Mr. Rafael Párrizas, Economics and Business Administration degree, C.U. San Pablo CEU in Madrid and Hochschule für Bankwirtschaft in Frankfurt am Main. Certified EFFAS Financial & Investment Analyst. 22 years of professional experience in audit and assurance services and banking. Thereof, 11 years' experience within the BBVA Group in Madrid, Panama and Zurich, of which 8 years at BBVA in Switzerland.

# Economic Environment

## Economic evolution 2020

The global economic situation during 2020 has been influenced by the Coronavirus pandemic that has significantly affected all economies and productive sectors. From a purely economic point of view, the crisis has impacted on economic activity, causing the largest drop in GDP since World War II in Europe's case and since the Great Depression in the United States.

The decisions of the health authorities to close part of the economy, to contain the spread of the virus, have caused a collapse in the activity levels, which globally will not recover in years in the best of cases.

The rapid intervention of governments and central banks, injecting liquidity and sustaining part of the economy, has been key to maintaining both the population and the most affected sectors.

The economies and countries most affected by the crisis are those most focused on the tourism sector, such as the southern European countries, or in those where the virus has caused the greatest damage, such as the United Kingdom. On the other hand, the economies more closely linked to industrial sectors, such as Germany or the United States, have presented higher levels of resilience.

## Evolution of financial markets 2020

The evolution of financial markets has been closely linked to levels of economic activity in the first phase, and to intervention and stimulus by governments and central banks in the second.

### MSCI World Equity Index



Source: Bloomberg

During the first few months, world stock markets fell violently, putting the nature of the crisis and the enormous uncertainty we were facing in perspective.

This movement was also translated to the corporate bond markets, which corrected in price violently, increasing considerably the cost of financing of the corporates. Long-term rates in the United States fell from levels of 1.5% to 0.5% in two months, reflecting deflationary pressures in the medium and long term. Raw materials, as well, picked up the new economic situation with sharp falls in the price of oil and industrial materials.

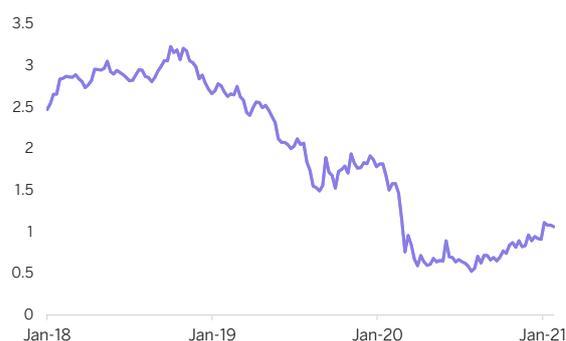
Starting at the end of March, there was a drastic change in the behavior of the markets. Announcements of liquidity injections, lax monetary policies and the purchase of bonds in the market by governments and central banks, especially in the United States, allowed stock exchanges to recover lost ground and even in some cases exceed previous highs.

## Positioning during 2020

During the first months of the year, we maintained a conservative position because of the high financial valuation metrics with some short-term tactical ideas. In the middle of March and during the following months, we advised our clients to take positions in risky assets given their valuation. Specifically, we insisted on the opportunity of buying bonds of United States companies with Investment Grade credit quality, taking advantage of the high yield they offered, and in the purchase of structured products, betting on limited falls in equity markets from those levels.

Through this strategy, at the end of 2020 we have obtained positive returns for most of our discretionary mandates we manage, with very limited drops in the worst months of the crisis. The advisory portfolios have performed also well, with the positioning in credit and equities with exposure to the technology sector in the United States.

### US 10 Treasury 10 year yield



Source: Bloomberg

## Outlook 2021

The prospects for 2021 are for a gradual recovery in the levels of global economic activity. Led by the most industrialized countries and with minor imbalances, such as the United States or northern Europe.

The situation in the most affected countries, such as southern Europe or Latin America, is uncertain, given their high dependence on the other economies and strong internal imbalances, such as high levels of debt.

With regard to financial markets, we believe that they will continue to evolve according to the monetary policies of governments and central banks. We are concerned about their extreme valuations, which indicate very low returns in the long term; lower even than before the pandemic crisis.

MSCI World Equity Index



Source: Bloomberg

# Management Report

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The main objective of the members of the BBVA in Switzerland team is to provide an excellent service, delivered through a client- centric business model.

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## Talent & Culture

In the current context of transformation of the financial industry, we are aware that human capital is the most valuable asset to our organization. Proof of this is that the team continues to be our strategic priority, to have "the best and most engaged team".

### People development and management model

At Talent & Culture, our vision is that one of the main challenges we face is the need to evolve leadership styles. The new context poses a scenario where leaders must move towards an inspirational leadership model, where trust, employee empowerment, the value of the individual responsibility and entrepreneurship prevail.

At the beginning of 2020, BBVA Group launched a new leadership model, that incorporates three skills and the main points are entrepreneurship, empowerment and accountability, and encourages all employees to be leaders and to exercise that leadership with integrity and honesty.

Talent and Culture's mission is to promote and strengthen this model of collaboration and entrepreneurship, where constant feedback is given at all levels of the organization, where our values and behaviors (customers come first, we think big and we are one team) are part of all our processes and decision making.

In line with this objective, we promote collaborative and flexible ways of working, integrating agile and design thinking mindsets. These methodologies contribute to improve the quality and speed of execution of developments, where multidisciplinary teams are empowered to organize themselves and are responsible for the "end to end" execution.

### Employee training

In an increasingly competitive market and a changing environment, some of the biggest challenges Talent & Culture faces are to attract, retain and train our teams. Keeping the organization's talent up-to-date is therefore crucial to achieving our strategic objectives.

In response to this need, we continue to foster a culture of continuous learning, in which professionals are the protagonists of their careers and have full autonomy to design their training experience and develop new skills. Through our innovative online training platform, our teams have access to a universe of training resources that meet the upskilling and reskilling needs demanded by the pace of innovation, competitiveness and market transformation.

In terms of our internal training strategy, our priority in 2020 was to ensure that our Relationship Managers were trained and certified to the highest level. To this end, we have included in their training programs the Wealth Management Advisor certification, accredited by the Swiss Quality Association and recognized internationally.

Likewise, in order to comply with our ambitious strategic plan and the transformation in which BBVA has immersed, we have organized training and offered certifications in blockchain and cryptocurrencies.

Furthering with the spirit of continuous learning, internal talent development programs have been carried out through the launch of mentoring processes. The organization's senior talent have shared their knowledge, experience and strategic vision with their mentees. This has contributed to their development and increased team motivation, while inspiring them and providing valuable insights into their future possibilities with the company.

## The best and most engaged team

The year 2020 has brought substantial changes in the way we interact. Working remotely has required additional efforts to ensure employees' connection with the company, foster corporate culture, maintain a sense of belonging, and generate engagement among our teams. In response to this situation, our strategy has been to focus on communicating more often and more effectively, on caring for our employees from an integral point of view, both professionally and personally.

From an employee perspective, we have worked energetically to preserve employees' health and ensure wellbeing balance. Some of the actions carried out have been:

- Delivering workshops on: "How to improve resilience?"; "Working on internal and external self-knowledge" and we have introduced "Mindfulness training sessions", encouraging the daily practice of meditation.
- Incorporated a fleet of corporate e-bikes available to employees for their use and enjoyment, an initiative that encourages health and sport, and promotes sustainable mobility.

- Promoted healthy eating, giving employees the opportunity to purchase organic food cooked by Swiss family producers at affordable prices in our offices.
- Introduced a new "Home Office Policy" for remote work, which has contributed positively to improving personal and professional balance.

Our employees have received these initiatives with enthusiasm and positivism.

One more year, we participated in the engagement survey managed by Gallup, which measures the level of commitment and satisfaction of our employees. The result obtained has been very positive. The level of commitment of our employees has increased in comparison with 2019.

This clearly shows that BBVA in Switzerland has a great team, which can overcome important challenges while taking advantage of the business opportunities that this new environment offers us to continue growing and making BBVA in Switzerland a great place to work.

# BBVA in Switzerland overview: business performance and future outlook

## Clients' Assets under Management

Net new money growth rate was 4.06%, compared with 4.74% last year, and in line of our target range (3% to 4% annually). New money inflows from clients were CHF 1,043 million (excluding foreign exchange effect), compared with outflows of CHF 837 million.

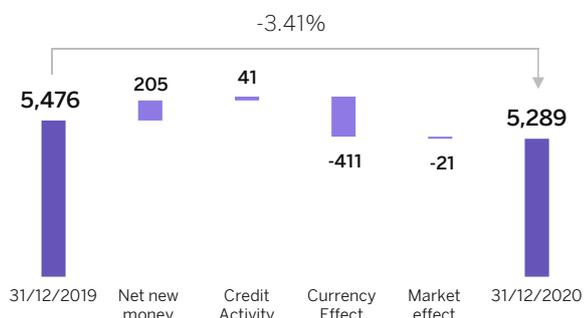
The CHF appreciation against USD (+8.6%) in 2020 has posed a negative effect in Assets under Management (AuM) evolution in the year. Due to this effect, AuMs have been reduced by CHF 411 million. In contrast to 2019, the market effect contributed negatively to the revaluation of client portfolios representing a CHF 21 million decrease in AuM at the end of 2020.

We believe in our growth plans and we will continue to intensify our efforts to retain and attract our current and prospective clients' assets, which covers the full life cycle of the client's business and personal needs.

As a consequence of the above-mentioned effects, AuM performed negatively, reaching CHF 4.85 billion, excluding double counting, from CHF 5.06 billion in 2019.

Additionally, Net New Lending reflected an increase of CHF 40.6 million (excluding foreign exchange effect), and therefore it positively impacted our clients Assets under Management and Liabilities (CALs) which posted CHF 5.29 billion, excluding double counting, down 3.41% against last year.

CALs evolution (CHF million)

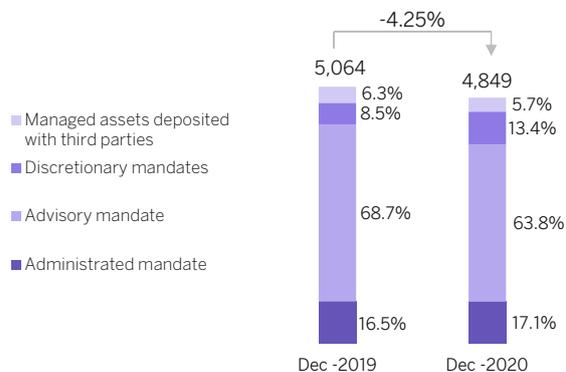


\*Excluding double accounting.

Notes: 1) Assets under Management include all bankable assets that are managed at BBVA in Switzerland for investment purposes and include administrated, advisory and discretionary mandates, as well as other managed assets.

2) Net new money consists of new client acquisitions, client departures, and inflows or outflows attributable to existing clients.

AuMs by type of mandate (CHF million)

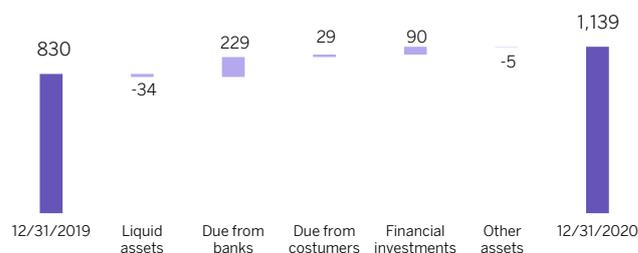


During 2020 the bank has increased the share of AuM held under discretionary mandates reaching 13.4% vs 8.5% in 2019, reinforcing the view of providing high quality investment management services to our clients, specially in highly unpredictable markets.

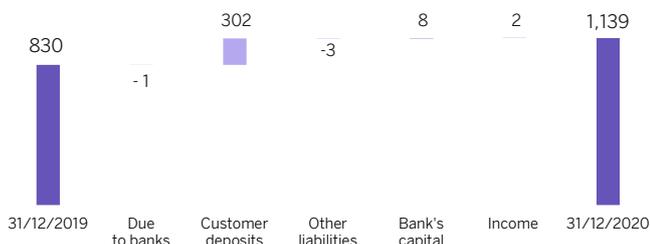
## Balance Sheet and Activity

As of the end of 2020, total assets were 1,139 million, up 37.1% compared to the end of 2019. The balance sheet growth is driven by the increase in customer deposits (CHF 302 million), due to the prevailing uncertainty in financial markets. Most conservative clients prefer to keep more of their wealth in cash than usual. As a consequence, liquidity levels grew by CHF 229 million although financial investments have also increased by CHF 90 million.

Balance sheet movements-assets (CHF million)



**Balance sheet movements-liabilities and equity (CHF million)**



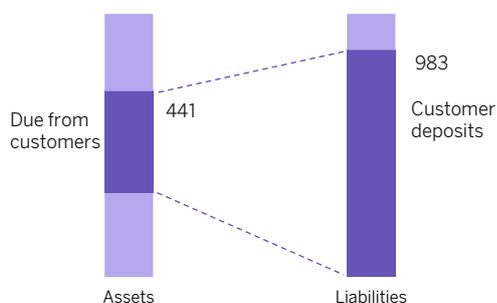
\* Dividend distribution

**Liquidity**

Our aim is to maintain a healthy liquidity position that enables us to address all liabilities when they fall due, whether under normal or stressed conditions. The implementation and execution of the liquidity and funding strategy is managed by the ALM manager following BBVA Group's liquidity framework guidelines.

In 2020, the Bank held a sound liquidity position throughout the year, to finance its business in a reliable and cost-efficient manner. As a consequence of the above-mentioned increase in customer deposits and the structural considerations of them, the volume of the Financial Investments has grown by CHF 90 million.

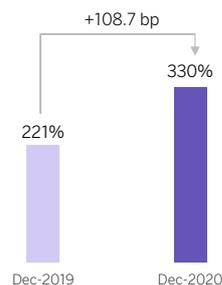
**Customer gap (CHF million)**



**LCR**

LCR remains well above the required minimum of 100% for 2020. Therefore, we showed a strong short-term resilience to face our liquidity risk by ensuring that we have sufficient HQLA to survive a significant stress scenario lasting 30 calendar days.

**LCR (Liquidity Coverage Ratio)**

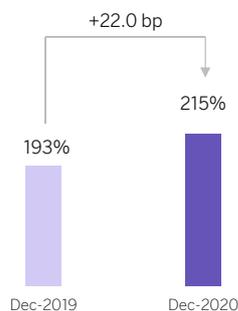


**NSFR**

The NSFR requires to maintain a stable funding profile in relation to the composition of our on and off-balance sheet activities. A sustainable funding structure is intended to reduce the likelihood that disruptions to our Bank's regular sources of funding erode our liquidity position in a way that would increase the risk of failure.

We report the NSFR for information purposes only, since it is not compulsory yet.

**NSFR (Net Stable Funding Ratio)**

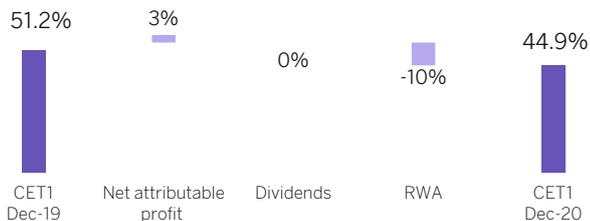


**Solvency**

The Bank's solvency position still remains comfortable. Capital strength goes on providing key support for our strategy and competitive position.

In 2020 the BIS CET1 ratio decreased by 638 bp to 44.86 % mainly due to an increase of the Risk Weighted Assets derived from the above-mentioned increment of Financial and Customer Investments.

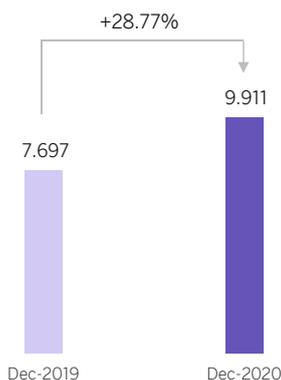
**CET 1 ratio**



**Results**

BBVA Switzerland posted strong results showing a **net attributable profit** of CHF 9.91 million during 2020, which represents a year-on-year increase of 28.77% boosted by a resilience commission, fee income and cost efficiency management.

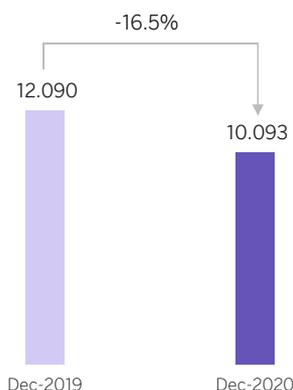
**Net Profit (CHF million)**



**Highlights**

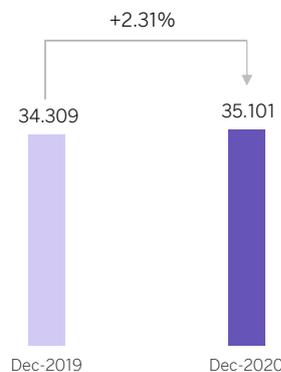
The **net interest income (NII)** reflected lower income versus last year mainly driven by Fed USD interest rate cuts in 1Q2020.

**Net Interest Income (CHF million)**



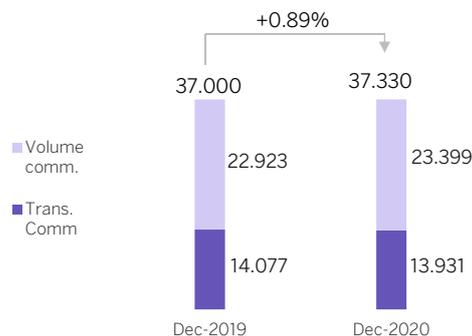
Total **net fees and commissions** registered an increase of 2.31% to CHF 35.10 million. Despite the challenging environment and the pressure in margins we managed to increase our profitability by 2 bps in Return on Assets under Management (RoAuM).

**Net commission evolution (CHF million)**



The weight of volume-based commissions (recurrent) has grown in 2020 by 0.7%.

**Volume versus transaction based income (CHF million)**



Volume-based commissions were CHF 23.40 million compared to CHF 22.92 million in 2019, while transaction-based commissions were CHF 13.93 million, 1.04% below in year-on-year terms. Total commissions went up +0.89% against 2019.

**Total operating expenses (CHF million)**

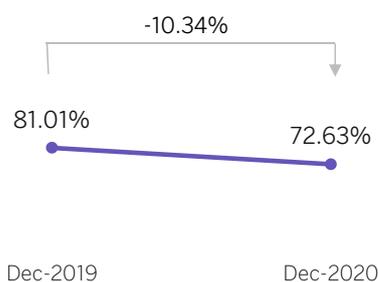
**Personnel & general expenses** closed at 32.37 million, a decrease of 11.13% versus 2019, mainly related to Covid-19 restrictions (lower travel expenses, client events, etc.).

**Amortizations** decreased by 14.41% to CHF 1.77 million driven by lower execution of technology investments, due to Covid-19.

## Cost/income ratio

The cost/income ratio was 72.63%, down 8.38% from 81.01% in 2019. We are committed to improving efficiency across our business with different initiatives such as continuously investing in technology for automatizing processes and giving the client self service functionalities, mitigating operational risks and reducing the manual processes. We are also actively monitoring expenses to commit with annual budgets and deliver sustainable growth in the future.

### Cost/income ratio



## Key figures

### Key figures (As of per the year ended, CHF)

	31.12.2020	31.12.2019
<b>Balance Sheet Statistics</b>		
Total assets	1,138,915,763	830,420,900
Total credit activity	441,449,780	412,410,664
Deposits from customers	982,740,012	680,796,290
Total shareholders' equity	129,159,145	121,462,052
<b>Core results</b>		
Operating income	46,993,472	47,504,200
Operating expenses	34,132,856	38,484,720
Net profit/(loss) attributable to shareholders	9,910,758	7,697,093
<b>Key Performance Indicators</b>		
RoE (%)	7.58%	6.30%
RoA (%)	0.88%	0.85%
C/I ratio (%)	72.63%	81.01%
RoRWA (%)	3.55%	2.99%
CET 1 ratio (%)	44.86%	51.24%
Leverage ratio (%)	11.10%	13.60%
Liquidity coverage ratio (%)	329.57%	220.84%
Net New Money growth (%)	4.06%	4.74%
RoCAL*	0.84%	0.86%
<b>Number of employees</b>	<b>114</b>	<b>117</b>

\* Does not include the interests received from the own portfolio.

## Bank Risk Assessment

Regular meetings are held to ensure that the Bank's Board of Directors is constantly informed of the Bank's exposure to the following risks: credit risk, market risk, operational risks, legal risks, compliance, reputational and Suitability risks. Risk analysis is carried out systematically and assesses bank specific risk categories according to their potential impact. The Board monitored risk assessment during the 2020 financial year at its quarterly meetings.

## Future Outlook

In 2020, we have been able to achieve strong results in terms of activity and revenues, taking advantage of volatility in the financial markets after the Covid pandemic spread out. It has been a year of acceleration in our business transformation, and our anticipation in the digital transformation strategy initiated during 2017 has helped to overcome complex situations affecting our operational and business management model with clients, like the need of having digital onboarding, remote communication channels for meetings and video conferences, and strong online banking platforms for managing clients.

For 2021, we are entering a period of unprecedented monetary stimulus which has created a dislocation of financial markets when compared to the real economic situation after the different lock downs implemented across the world to contain the pandemic. We are optimistic that the vaccination process will help to improve the overall economic conditions in the second half of the year, reactivating certain industries heavily affected by this crisis.

In terms of our business model, we believe our experience and the strengths of our business will help the Bank to navigate uncertainty with success as we did historically:

- Net client inflows have been positive in the last three years, with superior growth rates than the average private banks in Switzerland;
- Revenue generation strategies, even in complex financial markets have been resilient, well diversified across different countries and client types;
- Our digital platform strategy is contributing actively to strengthen our business model, we plan to capitalize new business projects;
- Capital levels are far higher than the industry average, with conservative investments in our balance sheet and a well collateralized loan portfolio;
- Implemented expense reduction and control programs have been achieving their targets in the last three years;

Our business strategy has proven to be well designed while our management team is working under three strategic pillars:

- Invest for growth: expanding the addressable market with a focus on client acquisition and the increase of stable revenues through discretionary mandates, lending and other activities.
- Diversify the business mix with new products and services: we see an opportunity to provide clients with a new wealth digital banking experience, incorporating personalized services and new products, in combination with our advisory capabilities.

- Improve operating efficiency: minimizing operating costs by investing in automation and technology that will improve the client experience and drive expense savings across our business activity.

As we anticipated last year, we see relevant opportunities for the bank in digitalization and democratization of wealth management services and we plan to stay at the forefront with new innovative offerings, such as digital assets to be rolled out during 2021. Our teams are fully ready to capture these new opportunities.

# Financial Statements

BBVA SA is a corporation under Swiss law and is headquartered in Zurich

## Balance Sheet

### Assets (In CHF)

	31.12.2020	31.12.2019
Liquid assets	33,007,975	67,210,282
Amounts due from banks	144,544,209	62,930,452
Amounts due from securities financing transactions	185,605,644	38,693,999
Amounts due from customers	441,449,780	412,410,665
Trading portfolio assets	-	-
Positive replacement values of derivative financial instruments	544,429	731,341
Financial investments	319,884,733	230,226,006
Accrued income and prepaid expenses	7,121,163	10,618,072
Participations	-	-
Tangible fixed assets	4,978,948	5,812,016
Other assets	1,778,882	1,788,067
Value adjustments for default risks (transitional regulation)	-	-
<b>TOTAL ASSETS</b>	<b>1,138,915,763</b>	<b>830,420,900</b>
<b>TOTAL SUBORDINATED CLAIMS</b>	<b>-</b>	<b>-</b>

### Liabilities and shareholders' equity (In CHF)

	31.12.2020	31.12.2019
Amounts due to banks	129,279	661,365
Liabilities from securities financing transactions	-	-
Amounts due in respect of customer deposits	982,740,012	680,796,290
Negative replacement values of derivative financial instruments	2,386,231	3,749,603
Accrued expenses and deferred income	8,779,431	10,478,108
Other liabilities	2,644,748	2,410,230
Provisions	545,927	545,927

Reserves for general banking risks	2,620,232	2,620,232
Bank's capital	72,500,000	72,500,000
Statutory retained earnings reserve	37,200,000	37,200,000
Voluntary retained earnings reserve	19,459,145	11,762,052
Profit carried forward/loss carried forward	-	-
Profit (result of the period)	9,910,758	7,697,093
<b>TOTAL LIABILITIES</b>	<b>1,138,915,763</b>	<b>830,420,900</b>
<b>TOTAL SUBORDINATED LIABILITIES</b>	<b>-</b>	<b>-</b>

### Off-balance sheet transactions (In CHF)

	31.12.2020	31.12.2019
Contingent liabilities	43,686,853	50,354,994
Irrevocable commitments	1,920,000	1,832,000

## Income Statement

### Income Statement (In CHF)

	31.12.2020	31.12.2019
Results from interest operations		
Interest and discount income	7,293,300	9,337,800
Interest and dividend income on trading portfolios	158	24
Interest and dividend income on financial investments	3,054,042	4,518,002
Interest expense	-241,758	-1,784,128
<b>Gross result from interest operations</b>	<b>10,105,742</b>	<b>12,071,698</b>
Changes in value adjustments for default risks and losses from interest operations	-13,000	18,000
<b>SUBTOTAL NET RESULT FROM INTEREST OPERATIONS</b>	<b>10,092,742</b>	<b>12,089,698</b>
Result from commission business and services		
Commission income from securities trading and investment activities	36,516,383	35,717,439
Result of hedging of commission cash flows	-430	-
Commission income from lending activities	372,366	537,463
Commission income from other services	1,016,001	1,116,839
Commission expenses	-2,803,661	-3,062,403
<b>Subtotal result from commission business and services</b>	<b>35,100,659</b>	<b>34,309,338</b>
<b>Result from trading activities and the fair value option</b>	<b>1,678,847</b>	<b>920,289</b>
Other result from ordinary activities		
Result from the disposal of financial investments	121,087	184,230
Income from participations	-	-
Other ordinary income	667	1,065
Other ordinary expenses	-529	-420
<b>SUBTOTAL OTHER RESULT FROM ORDINARY ACTIVITIES</b>	<b>121,225</b>	<b>184,875</b>

**Operating expenses (In CHF)**

	31.12.2020	31.12.2019
Personnel expenses	-22,450,763	-25,207,063
General and administrative expenses	-9,916,837	-11,215,141
<b>SUBTOTAL OPERATING EXPENSES</b>	<b>-32,367,600</b>	<b>-36,422,204</b>
<b>Gross Profit</b>	<b>14,625,873</b>	<b>11,081,996</b>
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	-1,765,256	-2,062,516
Changes to provisions and other value adjustments, and losses	-76,452	-6,038
<b>Operating result</b>	<b>12,784,165</b>	<b>9,013,442</b>
Extraordinary income	494	2,441
Extraordinary expenses	-1,201	-4,044
Changes in reserves for general banking risks	-	-
Taxes	-2,872,700	-1,314,746
<b>PROFIT (RESULT OF THE PERIOD)</b>	<b>9,910,758</b>	<b>7,697,093</b>

**Proposed appropriation/ coverage of losses/ other distributions (In CHF)**

	31.12.2020	31.12.2019
<b>Profit</b>	<b>9,910,758</b>	<b>7,697,093</b>
+/- profit / loss carried forward		
=Distributable profit	9,910,758	7,697,093
<b>Appropriation of profit/ coverage of losses</b>		
Appropriation of profit		
Allocation to statutory retained earnings reserve*		
Allocation to voluntary retained earnings reserve	4,955,379	7,697,093
Distributions from distributable profit	4,955,379	-
<b>Other distributions</b>		
Voluntary retained earnings reserve	19,459,145	11,762,052
Allocation from distributable profit (as per above registration)	4,955,379	7,697,093
New amount carried forward	24,414,524	19,459,145

\* Since the statutory retained earnings reserve exceeds 50% of the share capital, there will be no further allocation.

# Cash Flow Statement

## Cash Flow Statement (In 000 CHF)

	Cut-off date 31.12.2020		Cut-off date 31.12.2019	
	Cash inflow	Cash outflow	Cash inflow	Cash outflow
<b>Cash flow from operating activities (internal financing)</b>				
Result of the period	9,911	-	7,697	-
Change in reserves for general banking risks	-	-	-	-
Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets	1,765	-	2,062	-
Provisions and other value adjustments	-	-	-	-
Change in value adjustments for default risks and losses	13	-	-	18
Accrued income and prepaid expenses	3,497	-	3,289	-
Accrued expenses and deferred income	-	1,699	-	240
Other items	244	-	-	730
Previous year's dividend	-	-	-	2,285
<b>SUBTOTAL</b>	<b>15,430</b>	<b>1,699</b>	<b>13,048</b>	<b>3,273</b>
<b>Cash flow from shareholder's equity transactions</b>				
Share capital / participation capital / cantonal banks' endowment capital / etc.	-	-	-	-
Recognised in reserves	-	-	-	-
Change in own equity securities	-	-	-	-
<b>SUBTOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flow from transactions in respect of participations, tangible fixed assets and intangible assets:</b>				
Participations	-	-	-	-
Real estate	-	-	-	-
Other tangible fixed assets	-	932	-	726
Intangible assets	-	-	-	-
Mortgages on own real estate	-	-	-	-
<b>SUBTOTAL</b>	<b>-</b>	<b>932</b>	<b>-</b>	<b>726</b>

**Cash Flow Statement (In 000 CHF)**

	Cut-off date 31.12.2020		Cut-off date 31.12.2019	
	Cash inflow	Cash outflow	Cash inflow	Cash outflow
Cash flow from banking operations				
<b>Medium and long-term business (&gt; 1 year)</b>				
Amounts due to banks	-	-	-	-
Amounts due in respect of customer deposits	-	-	-	-
Liabilities from other financial instruments at fair value	-	-	-	-
Cash bonds	-	-	-	-
Bonds	-	-	-	-
Central mortgage institution loans	-	-	-	-
Loans of central issuing institutions	-	-	-	-
Other liabilities	-	-	-	-
Amounts due from banks	-	-	-	-
Amounts due from customers	-	11,571	15,499	-
Mortgage loans	-	-	-	-
Other financial instruments at fair value	-	-	-	-
Financial investments	-	121,698	184,545	-
Other accounts receivable	-	-	-	-
<b>Short-term business</b>				
Amounts due to banks	-	532	-	7,146
Liabilities from securities financing transactions	-	-	-	148,370
Amounts due in respect of customer deposits	301,944	-	41,211	-
Other liabilities	-	-	-	-
Trading portfolio liabilities	-	-	-	-
Negative replacement values of derivative financial instruments	-	1,364	2,967	-
Liabilities from other financial instruments at fair value	-	-	-	-
Amounts due from banks	-	81,616	2,653	-
Amounts due from securities financing transactions	-	146,916	-	38,696
Amounts due from customers	-	17,468	-	16,567
Trading portfolio assets	-	-	-	-
Positive replacement values of derivative financial instruments	187	-	275	-
Other financial instruments at fair value	-	-	-	-
Financial investments	32,032	-	-	27,707
Other assets	-	-	-	-
<b>Liquidity</b>				
Liquid assets	34,203	-	-	17,713
<b>SUBTOTAL</b>	<b>368,366</b>	<b>381,165</b>	<b>247,150</b>	<b>256,199</b>
<b>TOTAL</b>	<b>383,796</b>	<b>383,796</b>	<b>260,198</b>	<b>260,198</b>

## Statement of Changes in Equity

### Presentation of the statement of changes in equity (In 000 CHF)

	Bank's capital	Capital reserve	Retained earnings reserve	Reserves for general banking risks	Currency translation reserves	Voluntary retained earnings reserves and profit/loss carried forward	Own shares (negative item)	Minority interests	Result of the period	Total
<b>Equity at start of current period</b>	72,500	-	37,200	2,620	-	11,762	-	-	7,697	131,779
Effect of any restatement	-	-	-	-	-	-	-	-	-	-
Employee participation schemes /recognition in reserves	-	-	-	-	-	-	-	-	-	-
Capital increase / decrease	-	-	-	-	-	-	-	-	-	-
Other contributions / other capital paid in	-	-	-	-	-	-	-	-	-	-
Acquisition of own shares	-	-	-	-	-	-	-	-	-	-
Disposal of own shares	-	-	-	-	-	-	-	-	-	-
Effect of subsequent valuation of own shares	-	-	-	-	-	-	-	-	-	-
Profit (loss) on disposal of own shares	-	-	-	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-	-	-	-	-
Dividends and other distributions	-	-	-	-	-	-	-	-	-	-
Other allocations to (transfers from) the reserves for general banking risks	-	-	-	-	-	-	-	-	-	-
Other allocations to (transfers from) the other reserves	-	-	-	-	-	7,697	-	-	-7,697	-
Profit / loss (result of the period)	-	-	-	-	-	-	-	-	9,911	9,911
<b>Equity at end of current period</b>	<b>72,500</b>	<b>-</b>	<b>37,200</b>	<b>2,620</b>	<b>-</b>	<b>19,459</b>	<b>-</b>	<b>-</b>	<b>9,911</b>	<b>141,690</b>

## Notes to the Annual Financial Statements

### 1. Name of the Bank, legal form and domicile

BBVA SA is a corporation under Swiss law and is headquartered in Zurich. The Bank is a fully-owned direct subsidiary of Banco Bilbao Vizcaya Argentaria S.A., headquartered in Bilbao, Spain.

The Bank appointed a representative in Colombia that was approved by the Superintendencia Financiera de Colombia in September 2015. Since then, it has developed certain financial services through the branch network of BBVA Colombia S.A.

### 2. Accounting and valuation policies

#### 2.1. Basis

The Bank's statutory financial statements are presented in accordance with the requirements of the Swiss Financial Market Supervisory Authority, FINMA, Circular 2020/1

concerning the preparation of financial statements for banks, the Swiss Banking Act and the Swiss Code of Obligations.

The adaptation to the new 2020/1 accounting Circular has not had a material impact on the financial statements for 2019 or 2020.

#### 2.1.1. Valuation policies

The valuations conform to the basic principles of materiality, prudence, consistency and the continuity of business activity as a going concern.

Items are entered in the balance sheet as assets if due to past events they may be disposed of, a cash inflow is probable and their value can be reliably estimated. If no reliable estimate of the value of an asset can be made, they are considered to be contingent assets and disclosed in the notes.

Liabilities are entered on the balance sheet as borrowed capital if they have been caused by past events, a cash outflow is probable and their value can be reliably estimated. If no reliable estimation can be made, they are considered to be contingent liabilities and disclosed in the notes.

Balance sheet positions are evaluated individually.

The offsetting and netting of assets and liabilities and income and expenses are in principle not performed. The netting of assets and liabilities is only applied in the following cases:

- Offsetting of positive and negative changes in book value with no income effect in the current period in the compensation account.
- Offsetting of deferred tax liabilities and assets in respect of the same tax authority, provided they relate to the same tax subject.
- Netting of positive and negative replacement values of derivative financial instruments including the associated cash holdings deposited as collateral (e.g. margin accounts), provided a bilateral agreement to this effect has been arranged with the counterparty concerned and that the agreement can be shown to be recognised by and enforceable under the legal systems set out below.
- The deduction of value adjustments from the corresponding asset item.

### 2.1.2. Financial Instruments

#### Liquid Assets

These items are stated at their nominal value.

#### Amounts due from Banks and Amounts due from Customers

These items are stated at their nominal value minus any necessary value adjustments.

Amounts due in respect of precious metal account deposits are measured at fair value if they are traded on a price-efficient, liquid market.

Claims are tested for the need of impairment on an on-going basis. Loans and advances to customers are regarded as being impaired when the contractually-agreed capital and/or interest payments have been due for more than 90 days and the estimated realisation value of the collateral is insufficient to cover the impairment. Individual value adjustments are recorded for non-performing loans and calculated as the difference between the gross debt amount and the estimated realisation value of the collateral.

Value adjustments for default risks that are no longer economically necessary and are not simultaneously used for other requirements of the same type will in principle be released to income via the income statement item "Changes in value adjustments for default risks and losses from interest operations".

Non-performing loans are reclassified as fully performing if the outstanding capital and interest payments are received on time in accordance with contractual obligations.

#### Amounts due to Banks and Amounts due in respect of Customers' Deposits

These items are stated at their nominal value.

Amounts due in respect of precious metal account deposits are measured at fair value if they are traded on a price-efficient, liquid market.

#### Trading portfolio assets

Trading portfolio assets are mainly measured and accounted for at fair value. Fair value is regarded as the price available on a price-efficient and liquid market or the price determined by a valuation model. If, in exceptional cases, no fair price is available, the valuation and accounting item will be based on whichever is the lower of cost or market value principle.

Results from trading activities are reported in the income statement item "Result from trading activities and the fair value option". Interest and dividend income from trading portfolios are recognised in the income statement item "Interest and dividend income from trading portfolios". No refinancing costs are credited to "Interest and discount income".

#### Positive and Negative Replacement Values of Derivative Financial Instruments

These items comprise the replacement values for all derivative financial instruments. Gains/losses on derivatives contracts are presented under "Result from trading activities and the fair value option", unless derivatives are used for hedging outside of trading. Gains/losses on derivatives entered into as part of a hedging relationship are recorded in the "Compensation account".

Positive and negative replacement value against the same counterparty are not netted, as currently no netting-agreements are in place.

## Financial Investments

Financial investments which do not belong to the trading portfolio are valued at whichever is the lower of cost or market value, provided that there is no intention to hold these securities until maturity. The valuation is recognised in the items "Other ordinary expenses" and "Other ordinary income" in the income statement.

Debt securities intended to be held to maturity are valued according to the accrual method. In this case, the premium and discount in the balance sheet item are deferred over the term up to maturity. Interest related realised profits or losses from premature sale or redemption are deferred over the remaining term, i.e. up to the original maturity and recognised in "Other assets" and "Other liabilities" respectively. Changes in value due to creditworthiness will be recognised immediately in the income statement under "Changes in value adjustments for default risks and losses from interest operations".

Equity securities are valued according to whichever is the lower of cost or market value. Value adjustments will be recorded net under "Other ordinary expenses" or "Other ordinary income".

Value adjustments in form of individual or latent risk value adjustments are deducted from the established values.

## Participations

The term "participations" refers to equity securities owned by the Bank in undertakings, where those securities are held with the intention of a permanent investment, irrespective of the percentage of voting shares held.

Participations are valued at acquisition cost less economically necessary value adjustments.

The Bank does not hold any participations at the end of the year.

## Tangible Fixed Assets

Investments in new fixed assets are capitalised and valued according to the historical cost principle if they are used for more than one accounting period and if they exceed the minimum capitalisation threshold, which amounts to CHF 1'000. Investments in existing fixed assets are capitalised if this results in the market or utility value being increased substantially or if the useful life is increased by a considerable amount.

In subsequent years, fixed assets are accounted for according to the historical cost principle minus accumulated depreciation.

Depreciation recorded is based on the estimated useful life of the investment. The estimated useful lives of individual fixed asset categories are as follows:

Reconstruction	5-15 years
Furnishings	5 years
Hardware	3 years
Software*	3 and 10 years
Office machines	3 years
Miscellaneous	3 years

\*including one-off purchases of software licenses and first instalment investments.

Tangible fixed assets are tested for impairment at each balance sheet date. The review is based on substantial indications that lead to the assumption that impairment exists. In this case, the recoverable amount will be determined. A fixed asset is impaired when its book value exceeds the recoverable amount. Any necessary additional depreciation is recorded in the ordinary depreciation account.

Gains or losses realised from the disposal of tangible fixed assets are recorded under "Extraordinary income" and "Extraordinary expenses" respectively.

## Provisions

Legal and factual obligations are valued on a regular basis. Where a cash outflow is probable and can be reliably estimated, a provision in the corresponding amount will be created. Existing provisions are reassessed on each balance sheet date and are increased, maintained or released accordingly. Provisions are recorded under the following income statement items:

- Provisions for latent taxes under "Taxes".
- Provisions for pension benefit obligations under "Personnel expenses".
- Other provisions under "Changes to provisions and other value adjustments, and losses", with the exception of restructuring provisions that were created via "Personnel expenses".

Provisions that are no longer economically necessary and are not simultaneously used for other requirements of the same type will be realised to income.

## Taxes

Current taxes on the result at the reporting period are calculated in accordance with tax-relevant profit ascertainment provisions and recorded as an expense in the accounting period in which the respective profits arise.

Liabilities from current income taxes and capital taxes are disclosed in the item "Accrued expenses and deferred income". Current income tax and capital tax expenses are reported in the income statement under "Taxes".

### Off-balance sheet transactions

These are stated at nominal value. For foreseeable risks, provisions will be made under liabilities on the balance sheet.

### Pension Fund

The Bank has transferred all of its pension fund commitments to a collective foundation (a joint scheme formed by several employers). This is a legally-independent and fully-reinsured pension scheme.

All of the company's Swiss-domiciled staff, except for expatriates who are insured by the parent company abroad, are members of this pension scheme:

- As of 1 January, upon reaching the age of 17 they are insured against invalidity and death.
- As of 1 January, upon reaching the age of 24 they are also insured for retirement benefits and age-related credits that have matured. The company pays fixed contributions and is not obliged to pay any additional contributions.

The contributions to the pension fund are included under "Personnel expenses". Expatriates, for whom the pension fund is paid abroad by the parent company, are not included.

A potential benefit or liability is disclosed according to the accounting principles of Swiss GAAP FER 16.

### Employee participation schemes

BBVA in Switzerland has implemented remuneration and employee participation schemes in accordance with the BBVA Group policies. The identified staff members receive equity securities of the parent company. The shared-based compensation is valued at the fair value of the shares on allocation. The fair value is determined by the parent company and the valuation is recorded under the items "Personnel expenses" and "Accrued expenses and deferred income" over the vesting period. In principle, no subsequent valuations are carried out unless there are changes in the exercise or subscription conditions. Any differences on settlement are accounted under the item "Personnel expenses". The characteristics of the BBVA Group's remuneration plans based on equity instruments are described below.

### System of Variable Remuneration in Shares

BBVA Group has a specific remuneration system applicable to those employees whose professional activities may have a material impact on the risk profile of the Group (hereinafter "Identified Staff"), designed within the framework of applicable regulations to credit institutions and considering best practices and recommendations at the local and international levels in this matter.

In 2020, this remuneration scheme is reflected in the following remuneration policies:

- BBVA Group Remuneration Policy, approved by the Board of Directors on 29 of November 2017, that applies in general to all employees of BBVA and of its subsidiaries that form part of the consolidated group. This policy includes in a specific chapter the remuneration system applicable to the members of BBVA Group Identified Staff, including Senior Management.
- BBVA Directors' Remuneration Policy, approved by the Board of Directors and by the General Shareholders' Meeting held on March 15, 2019, that it's applicable to BBVA Directors. The remuneration system for executive directors corresponds, generally, with the applicable system to the Identified Staff, to which they belong, incorporating some particularities of their own, derived from their condition of directors.

The Annual Variable Remuneration for the Identified Staff members is subject to specific rules for settlement and payment established in their corresponding remuneration policies, specifically:

- Variable remuneration for Identified Staff members for each financial year will be subject to ex ante adjustments, so that it shall be reduced at the time of the performance assessment in the event of negative performance of the Group's results or other parameters such as the level of achievement of budgeted targets, and it shall not accrue or it will accrue in a reduced amount, should certain level of profits and capital ratios not be achieved.
- 60% of the Annual Variable Remuneration will be paid, if conditions are met, in the year following that to which it corresponds (the "Upfront Portion"). The remaining portion will be deferred in time (hereinafter, the "Deferred Component") for a 3 year-period for the Identified Staff.
- 50% of the Annual Variable Remuneration, both the Upfront Portion and the Deferred Component, shall be established in BBVA shares.
- Shares received as Annual Variable Remuneration shall be withheld for a one-year period after delivery, except for the transfer of those shares required to honor the payment taxes.
- The Deferred Component of the Annual Variable Remuneration may be reduced in its entirety, but never increased, based on the result of multi-year performance indicators aligned with the Group's core risk management and control metrics related to the solvency, capital, liquidity, profitability or to the share performance and the recurring results of the Group.

- Resulting cash portions of the Deferred Component of Annual Variable Remuneration and subject to the multi-year performance indicators, finally delivered, shall be updated following the Consumer Price Index (CPI), measured as the year-on-year change prices, as agreed by the Board of Directors.
- The entire Annual Variable Remuneration shall be subject to malus and clawback arrangements during the whole deferral and withholding period, both linked to a downturn in the financial performance of the Bank as a whole, of a specific unit or area, or of exposure generated by an Identified Staff member, when such a downturn in financial performance arises from any of the circumstances expressly named in the remuneration policies.
- No personal hedging strategies or insurances shall be used in connection with remuneration or liability that may undermine the effects of alignment with sound risk management.
- The variable component of the remuneration for a financial year shall be limited to a maximum amount of 100% of the fixed component of the total remuneration, unless the General Meeting resolves to increase this percentage up to a maximum of 200%.

In this regard, the General Meeting held on March, 13, 2020 resolved to increase this limit to a maximum level of 200% of the fixed component of the total remuneration for a given number of the Identified Staff members, in the terms indicated in the report issued for this purpose by the Board of Directors dated February 10, 2020.

## 2.2. Disclosure on how the previous years' figures were determined

The Bank adopted FINMA Circular 2020/1 Accounting - Banks effective as of January 1, 2020. The previous years' figures have been determined according to the provisions of FINMA Circular 2020/1 Accounting - Banks.

## 2.3. Consistency in Accounting Policies and Valuation Principles

The accounting policies and valuation principles have not changed compared to the previous year.

## 2.4. Recognition of business transactions

As a general rule, transactions are recorded on the transaction day (trade date accounting) except for the following transaction types, for which value date accounting is applied:

- Money Market
- Customer loans and Deposits

- Stock Exchange transactions
- Corporate Actions
- Financial Investments and Trading Security Transactions
- Forex Spot transactions
- Closing of the Forex Forwards

From now on, all transactions will be valued for the purposes of earnings according to the above.

## 2.5. Treatment of past due interest and related commissions

Interest and commissions which have been outstanding for more than 90 days are regarded as overdue. Overdue interest and commissions that are unlikely to be recovered are provisioned immediately. Loans are considered non-interest bearing when the recovery of the interest due is so doubtful that the deferral can no longer be regarded as reasonable.

## 2.6. Translation of Foreign Currencies

Assets and liabilities in foreign currencies are translated into Swiss francs at the valid exchange rates on the balance sheet date. The main exchange rates at the balance sheet dates were as follows:

	31.12.2020	31.12.2019
USD 1	0.8839	0.9674
EUR 1	1.0817	1.0855
GBP 1	1.2083	1.2831
JPY 100	0.8563	0.8902

## 2.7. Disclosure of the treatment of refinancing trading positions

Refinancing costs from trading positions are not charged to the item "Result on trading activities".

## 3. Risk Management

Risk management is integrated in every process to ensure that risk taking is in line with the risk appetite of the Bank.

The Board of Directors is fully committed to establishing an appropriate risk control environment. To this end, a periodical analysis of the Bank's risks is performed in a systematic and standardized manner. By using a global risk approach, relevant risks are reviewed and if any deficiencies are identified the necessary controls are implemented in order to mitigate these risks.

### 3.1. Risk Appetite

The risk appetite framework is reviewed and approved every year. In the risk appetite there is a clear definition of each type of risk and the limits that are consistent with the Bank's risk profile.

In order to ensure this consistency, two types of limits are distinguished in the risk appetite framework:

- Core limits: to ensure anticipated risk management within the defined tolerance levels for each type of risk.
- Management limits: used to continuously monitor risks and ensure that the core metrics fall within the set target range.

Risk controls have been implemented to ensure compliance with the risk appetite framework. Results are periodically reviewed by the corresponding committees and presented quarterly to the Board of Directors.

### 3.2. Types of Risks

#### Non-Financial Risks

##### Operational Risk

Operational Risk is the risk of loss due to human errors, inadequate or deficient processes, failures on systems, inadequate data management, legal risks and external events such as cyberattacks, disasters and poor service provided by suppliers. The Bank's Operational Risk Taxonomy includes the following risk types:

- People
- Internal and external fraud
- Physical Security & Safety
- Transaction Processing
- Technology
- Information & Data Security
- Conduct & Compliance Risk
- Legal
- Third Party
- Financial and Tax
- Data Management

#### Operational Risk Control Model

The operational risk management Model at the Bank is structured into the three different levels:

First line of defense: Operational risk management must be integrated into the day-to-day activities, identifying and evaluating operational risk and implementing controls and executing mitigation plans for those risks that have higher than acceptable residual risk levels.

Second line of defense: establishes the mitigation, control and monitoring framework in their area of specialization.

Third line of defense: is performed by Internal Audit which:

- Conducts an independent review of the control model, checking compliance and the effectiveness of the established corporate policies.
- Provides independent information on the control environment to the management bodies.

##### Suitability Risk

When managing investments on behalf of third parties, the customer assumes the market and credit risk while the manager or administrator acquires the fiduciary duty of acting in the customer's best interests. A breach of its fiduciary duty could have a negative financial impact and affect its reputation and relations with customers in the long term.

Procedures have therefore been established to clearly identify the risk profile of each customer and manage their assets accordingly.

In addition, in order to ensure that fiduciary risk is managed properly, the Suitability Committee meets on a monthly basis to:

- Ensure proper control of all the risks involved in the Suitability Process.
- Review and analyse the results regarding the control of the asset allocation matrix by profile.
- Ensure the correct implementation and maintenance of necessary control tools.
- Address relevant issues of the Suitability Model.
- Analyse risk factors that require mitigation decisions.

## Definition of customer risk profiles

Defining the customer's risk profile is key to providing customers with the correct advisory and investment decision-making.

When customers open an account, the process includes a questionnaire which awards points and a final score, thereby making it possible to define their level of risk aversion. The questionnaire requires information about three main points:

- Investment objectives.
- Financial situation.
- Knowledge and experience.

## Model Risk

The models used for risk control and management must be used exclusively for the purpose for which it was constructed, by establishing mechanisms that allow users to count on the necessary knowledge in order to use the information being provided by the model in an adequate manner. Before its deployment, Risk Models shall obtain the necessary approvals according to the internal governance and/or regulation.

## Strategic Risk

Strategic risk is the risk that arises from formulation of strategic plan, business plan, and implementation of the plan that is inappropriate and inconsistent with internal factors and external environment that may affect earnings, capital fund or viability of the business. Therefore, the board of directors (the Board) and the management committee must carefully formulate the strategic plan and business plan, support corporate governance, and arrange to have internal infrastructure appropriated for implementation of the plans such as organizational structure, personnel, budget, management information system, monitoring and controlling system in order to accomplish the business goals and efficiently manage problems of the Bank.

In this sense and in compliance with corporate regulations, the Bank periodically submits its strategy to the Board for review and approval.

## Financial Risks

### Credit Risk

Credit Risk is the possibility that a counterparty may not fulfil its contractual obligations concerning a particular operation.

The Bank's credit risk is concentrated in the Lombard credit operations -lending products, credit guarantees, letters of credit - and in its own investment portfolio issuer risk.

In the Lombard credit operations, the risk exposure of the transaction granted is calculated according to potential risk factors with different eligibility and liquidity criteria. Additional haircuts may be taken into account to obtain the final lending value.

The Lombard credit monitoring and recovery processes include daily monitoring of the value of all the risks compared with the value of the collateral, and may require the replacement of the collateral when necessary. An escalation process of three control points has been implemented to keep track of the risk in relation to the available collateral.

In addition, a limits and investment policy for the Bank's own portfolio has been defined. This policy includes credit risk appetite, set as rating limits by issuer and an overall minimum rating for the portfolio.

### Liquidity Risk

Limits and alert structures have been implemented to ensure compliance with the Liquidity and Financing Risk Appetite levels. The limits are reviewed and approved annually based on three essential aspects:

- **Self-funding.** In order to ensure that self-funding levels are in keeping with the liquidity and financing risk tolerance levels, it is necessary to hold a minimum percentage of stable customer deposits with which finance the net loan book.
- **Financing time terms.** In order to ensure that the activity's financing risk is correctly diversified, the composition of structural financing must include a maximum limit on the amount of short-term financing.
- **Capacity to buffer liquidity shocks.** The aim of this limit is to ensure liquidity management that guarantees the entity's survival for over 30 days in the event of a shut-down of the wholesale markets and strong liquidity stress. To this end, limits are set on the 30-day "Basic Capacity" indicator.

**Alerts:** Alerts are preventive liquidity risk indicators. There are two kinds of alerts:

- Alerts set at a level below the corresponding limit, which will usually be 90% of the limit, unless another figure is specifically stated.
- Alerts reflecting other relevant positioning figures. In particular, alerts are set to ensure the diversification of short-term wholesale financing by term (precedence being awarded to a lower dependence on the shorter terms) and to guarantee sufficient slack in the Basic Capacity indicator for terms other than 30 days.

## Liquidity Contingency Plan

The Liquidity Contingency Plan is an essential tool in managing liquidity and financing risk in times of crisis when the Bank's usual management measures are insufficient to guarantee the liquidity profile established in the Risk Appetite statement. The plan contains explicit procedures to enable decision-making, the implementation of contingency measures and effective communication. It also specifies the functions and responsibilities in these situations, as well as the authority responsible for activating the plan.

The plan may be activated in response to any exceptional situation related to developments in the business or on the financial markets that could result in a material risk for the liquidity and financing position.

## Interest Rate Risk

Structural interest rate risk is defined as the potential alteration that is caused in an entity's net interest income and/or equity value due to a fluctuation in interest rates. A financial entity's exposure to adverse movements in interest rates is a risk inherent to banking activity, but it also an opportunity for creating economic value.

Interest rate risk must therefore be managed to ensure that it does not become excessive in relation to the entity's capital and that it maintains a reasonable relationship with expected financial income.

Fluctuations in market interest rates affect both financial entities' incomes and economic values. These two effects give rise to separate but complementary analyses of interest rate risk.

Accordingly, the effects are analysed from a dual perspective:

- **Their effect on income (net interest income):** Fluctuations in interest rates affect Banks' income and threaten their financial stability since they influence equity and market confidence.
- **Their effect on economic value:** The economic value of an instrument implies calculating the current value of its future cash flows, discounting them at market interest rates.

The Structural Interest Rate Risk control process includes an operating limit structure aimed at maintaining exposure within levels that are consistent with the risk profile and business strategy defined. This limit structure is stipulated both for economic value and net interest income and is usually set according to sensitivity. Sensitivity is measured on a standard variation of 100 basis points in market rates, selecting the upward or downward movement that causes the highest losses.

## Market Risk

Market Risk is the possibility that losses will be incurred in portfolio value due to price changes in the financial markets.

This risk can be eliminated by hedging or undoing the operation.

There are four major risk factors affecting market prices: interest rates, FX rates, equity and commodities. Furthermore, for certain positions it is necessary to consider non-linear risk, spread risk, base risk, volatility and correlation risk.

At BBVA in Switzerland, methodologies, limits, controls and escalation processes have been implemented to provide adequate monitoring and therefore prevent any loss caused by this risk.

## 3.3. Compliance and Legal Risks

The Compliance and legal department ensure that business activities are in compliance with valid regulatory rules. These departments are responsible for monitoring the requirements and developments of the supervisory authorities, the legislator or other organizations.

They are also responsible for ensuring that internal directives and regulations are kept up-to-date with regulatory developments.

## 4. Explanation of the methods used for identifying default risks and determining the need for value adjustments

A risk analysis of the Lombard accounts is performed on a daily basis, relating the available collateral with the Overall Risk of the portfolio.

The methodology, based on alerts, has been established to ensure that there is an appropriate margin to react to possible market movements that could affect the overall value of the account. This, combined with the Bank's lending value methodology, ensures that the assumed risk is adequate and can be managed appropriately.

The Bank's own portfolio investment policy contains a set of limits which define credit risk acceptance based on a conservative approach, in order to mitigate the risk of default as far as possible.

## 5. Explanation of the valuation of collateral

The lending value calculation methodology ensures that for each asset that serves as collateral in the Lombard accounts there is a proper identification of the risk assumed.

Risks such as credit, liquidity and market risk are identified and measured according to the established parameters, so that an overall risk penalty can be incorporated for each position. It is important to mention that lending values are reviewed periodically in order to obtain an updated view of market movements.

## 6. Explanation of the Bank's business policy regarding the use of derivative financial instruments, including explanations relating to the use of hedge accounting

Derivative financial instruments are used for trading, risk management purposes and hedging. Derivative financial instruments held for trading are arranged at fair value. For all positions traded on a price-efficient and liquid market, fair value is determined by the market value. In the absence of such a market, fair value is established using valuation models. Gains and losses (realized or unrealized) on derivatives used for trading purposes are recognized in the income statement under "Result from trading activities and the fair value option".

The Bank uses FX swaps to hedge the FX and interest rate risks arising from certain assets or liabilities positions. As part of this hedging strategy involving derivative financial instruments, the Bank documents its long-term risk management strategy and objectives, designates the hedging instrument, hedged item and uses regular effectiveness tests to check the hedging relationship to be effective (economic link between the hedged item and the hedging transaction).

The results from the hedging transactions are recognized in the same income statement item as the corresponding results from the hedged item. For hedges on FX and interest risk, the net result is reported in the item "Interest and discount income". Changes in the fair value of hedging instruments are recognized in the "Compensation account" under "Other assets" or "Other liabilities".

## 7. Explanation of material events occurring after the balance sheet date

No event occurred after the balance sheet date that might have a significant influence on the financial statements.

## 8. Balance sheet information

**Table 1: Breakdown of securities financing transactions (assets and liabilities) (In 000 CHF)**

	31.12.2020	31.12.2019
Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions*	185,612	38,696
Book value of obligations from cash collateral received in connection with securities lending and repurchase transactions*	-	-
Book value of securities lent in connection with securities lending or delivered as collateral in connection with securities borrowing as well as securities in own portfolio transferred in connection with repurchase agreements	185,174	39,318
with unrestricted right to resell or pledge	-	-
Fair value of securities received and serving as collateral in connection with securities lending or securities borrowed in connection with securities borrowing as well as securities received in connection with reverse repurchase agreements with an unrestricted right to resell or repledge	-	-
of which, repledged securities	-	-
of which, resold securities	-	-

\* Before netting agreements

**Table 2: Presentation of collateral for loans / receivables and off-balance-sheet transactions, as well as impaired loans / receivables (In 000 CHF)**

	TYPE OF COLLATERAL			Total
	Secured by mortgage	Other collateral	Unsecured	
<b>Loans (before netting with value adjustments)</b>				
Amounts due from customers	-	433,294	8,156	441,450
Mortgage loans	-	-	-	-
Residential property	-	-	-	-
Office and business premises	-	-	-	-
Commercial and industrial premises	-	-	-	-
Other	-	-	-	-
<b>TOTAL LOANS (BEFORE NETTING WITH VALUE ADJUSTMENTS)</b>				
2020	-	433,294	8,156	441,450
2019	-	408,513	3,898	412,411
<b>TOTAL LOANS (AFTER NETTING WITH VALUE ADJUSTMENTS)</b>				
2020	-	433,294	8,156	441,450
2019	-	408,513	3,898	412,411

	TYPE OF COLLATERAL			Total
	Secured by mortgage	Other collateral	Unsecured	
<b>Off-balance-sheet</b>				
Contingent liabilities	-	43,687	-	43,687
Irrevocable commitments	-	-	1,920	1,920
Obligations to pay up shares and make further contributions	-	-	-	-
Credit commitments	-	-	-	-
<b>TOTAL OFF-BALANCE-SHEET</b>				
2020	-	43,687	1,920	45,607
2019	-	50,355	1,832	52,187

	Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
<b>Impaired loans / receivables</b>				
2020	-	-	-	-
2019	-	-	-	-

No impaired loans/ receivables as at 31.12.2019 and 31.12.2020.

**Table 3: Presentation of derivative financial instruments (assets and liabilities) (In 000 CHF)**

	TRADING INSTRUMENTS			HEDGING INSTRUMENTS**		
	Replacement values		Contract volume	Replacement values		Contract volume
	Positive	Negative		Positive	Negative	
<b>Interest rate instruments</b>						
Forward contracts including FRAs	-	-	-	-	-	-
Swaps	-	-	-	-	-	-
Futures	-	-	-	-	-	-
Options (OTC)	-	-	-	-	-	-
Options (exchange-traded)	-	-	-	-	-	-
<b>TOTAL</b>	-	-	-	-	-	-
<b>Foreign exchange / precious metals</b>						
Forward contracts	440	1,115	20,592	105	1,271	17,217
Combined interest rate currency swaps	-	-	-	-	-	-
Futures	-	-	-	-	-	-
Options (OTC)	-	-	-	-	-	-
Options (exchange-traded)	-	-	-	-	-	-
<b>TOTAL</b>	<b>440</b>	<b>1,115</b>	<b>20,592</b>	<b>105</b>	<b>1,271</b>	<b>17,217</b>
<b>Equity securities / indices</b>						
Forward contracts	-	-	-	-	-	-
Swaps	-	-	-	-	-	-
Futures	-	-	-	-	-	-
Options (OTC)	-	-	-	-	-	-
Options (exchange-traded)	-	-	625,616	-	-	-
<b>TOTAL</b>	-	-	<b>625,616</b>	-	-	-
<b>Credit Derivatives</b>						
Credit default swaps	-	-	-	-	-	-
Total return swaps	-	-	-	-	-	-
First-to-default swaps	-	-	-	-	-	-
Other credit derivatives	-	-	-	-	-	-
<b>TOTAL</b>	-	-	-	-	-	-
<b>Other*</b>						
Forward contracts	-	-	-	-	-	-
Swaps	-	-	-	-	-	-
Futures	-	-	-	-	-	-
Options (OTC)	-	-	-	-	-	-
Options (exchange-traded)	-	-	-	-	-	-
<b>TOTAL</b>	-	-	-	-	-	-
<b>Total before netting agreements</b>						
31.12.2020	440	1,115	646,208	105	1,271	17,217
of which, determined using a valuation model	-	-	-	-	-	-
31.12.2019	687	1,748	195,472	44	2,002	16,378
of which, determined using a valuation model	-	-	-	-	-	-
<b>Positive replacement values (cumulative)    Negative replacement values (cumulative)</b>						
<b>Total after netting agreements</b>						
31.12.2020			545			2,386
Manual correction of current year						
31.12.2019			731			3,750
<b>Central clearing houses    Banks and securities dealers    Other customers</b>						
<b>Breakdown by counterparty</b>						
Positive replacement values (after netting agreements)			-		149	396
Manual correction positive replacement values (after netting agreements)			-		-	-

\* e.g. commodities

\*\* hedging instruments as defined in margin no. 431 et seqq.

**Table 4: Breakdown of financial investments (In 000 CHF)**

	BOOK VALUE		FAIR VALUE	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Debt Securities	319,885	230,226	323,625	232,223
of which, intended to be held to maturity	298,489	206,809	300,759	207,758
of which, not intended to be held to maturity (available for sale)	21,396	23,417	22,866	24,465
Equity Securities	-	-	-	-
of which, qualified participations	-	-	-	-
Precious metals	-	-	-	-
Real estate, commodities and motor vehicles	-	-	-	-
<b>TOTAL</b>	<b>319,885</b>	<b>230,226</b>	<b>323,625</b>	<b>232,223</b>
of which, securities eligible for repo transactions in accordance with liquidity requirements	251,218	119,669	254,262	121,111

	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Below B-	Unrated
Breakdown of counterparties by rating S&P and Fitch						
Debt securities: book values	218,744	39,782	5,510	-	-	55,849

The value adjustments for default risks of the financial investments, total amount of CHF 35'000 per end of year 2020, has been deducted from the book value and market value.

**Table 5a: Presentation of tangible fixed assets (In 000 CHF)**

	Acquisition cost	Accumulated depreciation	Book value previous year end	Current year Reclassifications	Additions	Disposals	Depreciation	Reversals	Book value as at end of current year
Bank buildings	-	-	-	-	-	-	-	-	0
Other real estate	4,642	-3,101	1,541	-	-	-	-276	-	1,265
Proprietary or separately acquired software	7,988	-3,730	4,258	-	916	-	-1,473	-	3,701
Other tangible fixed assets	113	-100	13	-	16	-	-16	-	13
Assets acquired under finance leases:									
of which, bank buildings	-	-	-	-	-	-	-	-	-
of which, other real estate	-	-	-	-	-	-	-	-	-
of which, other tangible fixed assets	-	-	-	-	-	-	-	-	-
<b>TOTAL TANGIBLE FIXED ASSETS</b>	<b>12,743</b>	<b>-6,931</b>	<b>5,812</b>	<b>-</b>	<b>932</b>	<b>-</b>	<b>-1,765</b>	<b>-</b>	<b>4,979</b>

After completion of depreciations, the positions have been offsetted in the amount of 000 CHF 1'190: Software 1'082 / Other tangible fixed assets 108.

Disclosure of the depreciation method applied and the range used for the expected useful life:

-

**Table 5b: amount of non-recognised lease commitments break down by due date (In 000 CHF)**

	Total	of which due within 1 year	of which due >1 – <=2 years	of which due >2 – <=3 years	of which due >3 – <=4 years	of which due >4 – <=5 years	of which due after 5 years
Amount of non-recognised lease commitments	9,080	1,816	1,816	1,816	1,816	1,816	-

**Table 6: Breakdown of other assets and other liabilities (In 000 CHF)**

	Other assets		Other liabilities	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Compensation account	431	423	-	-
Amount recognised as assets in respect of employer contribution reserves	-	-	-	-
Amount recognised as assets relating to other assets from pension schemes	-	-	-	-
Coupons	-	-	-	-
Foreign currencies if they are not included in item 1.1	-	-	-	-
Pure clearing accounts	1,091	1,159	-	-
Balances arising from internal bank business operations	-	-	-	-
Commodities	-	-	-	-
Indirect taxes	257	206	-	-
Badwill	-	-	-	-
Funds set up by the bank and possessing no separate legal personality, e.g. pension and charitable funds	-	-	-	-
Pure clearing accounts	-	-	1,844	1,982
Balances arising from internal bank business operations	-	-	-	-
Matured, but unredeemed coupons and debt instruments	-	-	-	-
Indirect taxes	-	-	801	428
Leasing instalments recognised as a liability on the balance sheet and payable for assets leased from non-banks	-	-	-	-
Mortgages in favour of third parties secured by real estate owned by the bank, provided a non-bank is the mortgage holder	-	-	-	-
Other payables from goods and services	-	-	-	-
<b>TOTAL</b>	<b>1,779</b>	<b>1,788</b>	<b>2,645</b>	<b>2,410</b>

**Table 7: Disclosure of assets pledged or assigned to secure own commitments and of assets under reservation of ownership\* (In 000 CHF)**

Pledged / assigned assets	Book values	Effective commitments
Cash deposits - margin accounts	6,765	2,094
Interest bearing securities rights	32,256	298
Assets under reservation of ownership	-	-

\* Excluding securities financing transactions (cf. corresponding separate breakdown of securities financing transactions).

**Table 8: Disclosures on the economic situation of own pension schemes (In 000 CHF)****a) Employer contribution reserves (ECR)**

ECR	Nominal value at 31.12.2020	Waiver of use at 31.12.2020	Net amount at 31.12.2020	Net amount at 31.12.2019	Influence of ECR on personnel expenses	
					31.12.2020	31.12.2019
Employer sponsored funds/ pension schemes	-	-	-	-	-	-
Pension schemes	-	-	-	-	-	-

\* Must be recognised as an asset in true and fair view single-entity financial statements and consolidated financial statements.

**b) Presentation of the economic benefit / obligation and the pension expenses**

	Overfunding/ underfunding at end of current year	Economic interest of the bank/financial group		Change in economic interest (economic benefit/ obligation) versus previous year	Contributions paid for the current period	Pension expenses in personnel expenses	
		31.12.2020	31.12.2019			31.12.2020	31.12.2019
Employer sponsored funds/ pension schemes	-	-	-	-	-	-	-
Pension plans without overfunding/underfunding	-	-	-	-	1,263	1,263	1,224
Pension plans with overfunding	-	-	-	-	-	-	-
Pension plans with underfunding	-	-	-	-	-	-	-
Pension schemes without own assets	-	-	-	-	-	-	-

**Table 9: Presentation of value adjustments and provisions, reserves for general banking risks, and changes therein during the current year (In 000 CHF)**

	Previous year end	Use in conformity with designated purpose	Reclassif- ications	Currency differences	Past due interest, recoveries	New creations charged to income	Releases to income	Balance at current year end	Delta
Provisions for deferred taxes	-	-	-	-	-	-	-	-	-
Provisions for pension benefit obligations	-	-	-	-	-	-	-	-	-
Provisions for default risks	-	-	-	-	-	-	-	-	-
Provisions for other business risks	546	-	-	-	-	-	-	546	-
Provisions for restructuring	-	-	-	-	-	-	-	-	-
Other provisions	-	-	-	-	-	-	-	-	-
<b>TOTAL PROVISIONS</b>	<b>546</b>	-	-	-	-	-	-	<b>546</b>	-
Reserves for general banking risks	2,620	-	-	-	-	-	-	2,620	-
Value adjustments for default and country risks	30	-	-	-	-	57	-44	43	-13
of which, value adjustments for expected losses	-	-	-	-	-	-	-	-	-
of which, value adjustments for inherent default risk	-	-	-	-	-	-	-	-	-
of which, value adjustments for latent risks	30	-	-	-	-	57	-44	43	-13

**Table 10: Presentation of the bank's capital (In CHF)**

Bank's capital	31.12.2020			31.12.2019		
	Total par value	No. of shares	Capital eligible for dividend	Total par value	No. of shares	Capital eligible for dividend
Share capital / cooperative capital	72,500,000	72,500	72,500,000	72,500,000	72,500	72,500,000
of which, paid up	72,500,000	-	-	72,500,000	-	-
Participation capital	-	-	-	-	-	-
of which, paid up	-	-	-	-	-	-
<b>TOTAL BANK'S CAPITAL</b>	<b>72,500,000</b>	<b>72,500</b>	<b>72,500,000</b>	<b>72,500,000</b>	<b>72,500</b>	<b>72,500,000</b>
Authorised capital	-	-	-	-	-	-
of which, capital increases completed	-	-	-	-	-	-
Conditional capital	-	-	-	-	-	-
of which, capital increases completed	-	-	-	-	-	-
For cantonal banks: endowment capital	-	-	-	-	-	-

**Table 11: Disclosure of amounts due from / to related parties (In 000 CHF)**

	Amounts due from		Amounts due to	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Holders of qualified participations	75,308	23,327	2,298	3,267
Group companies	-	-	-	-
Linked companies	2,482	16,493	-	-
Transactions with members of governing bodies	165	194	4,664	4,327
Other related parties	-	3	789	1,126

Explanations regarding off-balance-sheet transactions	Contingent assets	2,516
	Forward contracts	24,845
Explanations regarding conditions	Balance-sheet and off-balance-sheet transactions were conducted at terms in line with the market	

**Table 12: Disclosure of holders of significant participations (In CHF)**

Holders of significant participations and groups of holders of participations with pooled voting rights	31.12.2020		31.12.2019	
	Nominal	% of equity	Nominal	% of equity
With voting rights	72,500,000	100.00%	72,500,000	100.00%
Banco Bilbao Vizcaya Argentaria, Spain	72,500,000	100.00%	72,500,000	100.00%

**Table 13: Disclosure of own shares and composition of equity capital (In CHF)**

	Number	Booking value	Average transaction price	
Own equity securities held (Rz A5-83/84)	-	-	-	
Participation certificates (Rz A5-83/84)	-	-	-	
			2020	2019
Contingent liabilities in connection with sold or purchased own equity securities (Rz A5-85)			-	-
Number and nature of equity instruments of the bank that are held by subsidiaries, joint ventures, linked companies, and foundations related to the bank (Rz A5-86)			-	-
	Number of shares at the beginning of 2020	Change	Number of shares at the end of 2020	
Own equity securities reserved for a specific purpose and of equity instruments of the bank held by related parties (Rz A5-87)				
<b>TOTAL SHARES RESERVED</b>	-	-	-	
<b>TOTAL PARTICIPATION CERTIFICATES</b>	-	-	-	
	31.12.2020		31.12.2019	
	Number of shares	Nominal value	Number of shares	Nominal value
Details to the individual categories of capital (Rz A5-88)				
Share capital / Dotation capital	72,500	72,500,000	72,500	72,500,000
of which paid in	-	72,500,000	-	72,500,000
of which connected to specific risks and restrictions	-	-	-	-
<b>TOTAL</b>	-	<b>72,500,000</b>	-	<b>72,500,000</b>
	Total 31.12.2020		Total 31.12.2019	
Reserves not distributable (Rz A5-88 - Part 2)				
Amount not distributable from statutory capital reserve		-		-
Amount not distributable from statutory retained earnings reserve		36,250,000		36,250,000
Amount not distributable from voluntary retained earnings reserve		-		-
<b>TOTAL RESERVES NOT DISTRIBUTABLE</b>		<b>36,250,000</b>		<b>36,250,000</b>
	<b>Value of transaction current period</b>			
Description and amount of transactions with holders of participations that were not settled in cash or that were offset against other transactions (Rz A5-90)				
Description				-
	<b>Value of transaction current period</b>			
Reasons for and disclosure of the valuation basis of transactions with holders of participations that could not be recognised at fair value (Rz A5-91)				
Description				-
	Contractually agreed price	Fair value amount	Difference in capital reserves	
Description of transactions with holders of participations that were not conducted at terms in line with the market, including disclosure of the difference recognised in the item capital reserve between the fair value and the contractually agreed price of the transaction. This requirement applies only to true and fair view supplementary single-entity financial statements and consolidated financial statements. (Rz A5-92)				
Description	-	-	-	



**Table 15: Presentation of assets and liabilities by domestic and foreign origin in accordance with the domicile principle (In 000 CHF)**

	31.12.2020		31.12.2019	
	Domestic	Foreign	Domestic	Foreign
<b>Assets</b>				
Liquid assets	33,008	-	66,736	474
Amounts due from banks	22,408	122,136	120	62,810
Amounts due from securities financing transactions	185,606	-	38,694	
Amounts due from customers	11,397	430,053	5,715	406,696
Trading portfolio assets	-	-	-	-
Positive replacement values of derivative financial instruments	23	522	145	586
Financial investments	20,285	299,600	-	230,226
Accrued income and prepaid expenses	4,600	2,520	7,543	3,076
Participations	-	-	-	-
Tangible fixed assets	4,979	-	5,812	-
Other assets	1,779	-	1,788	-
Capital not paid in	-	-	-	-
<b>TOTAL ASSETS</b>	<b>284,085</b>	<b>854,831</b>	<b>126,553</b>	<b>703,868</b>
<b>Liabilities</b>				
Amounts due to banks	-	129	263	399
Liabilities from securities financing transactions	-	-	-	-
Amounts due in respect of customer deposits	28,381	954,359	19,780	661,016
Trading portfolio liabilities	-	-	-	-
Negative replacement values of derivative financial instruments	1	2,386	123	3,627
Accrued expenses and deferred income	8,779	-	10,478	-
Other liabilities	2,645	-	2,410	-
Provisions	546	-	546	-
Reserves for general banking risks	2,620	-	2,620	-
Bank's capital	72,500	-	72,500	-
Statutory capital reserve	-	-	-	-
Statutory retained earnings reserve	37,200	-	37,200	-
Voluntary retained earnings reserves	19,459	-	11,762	-
Own shares (negative item)	-	-	-	-
Profit carried forward / loss carried forward	-	-	-	-
Profit / loss (result of the period)	9,911	-	7,697	-
<b>TOTAL LIABILITIES</b>	<b>182,042</b>	<b>956,874</b>	<b>165,379</b>	<b>665,042</b>

**Table 16: Breakdown of total asset by country or group of countries (domicile principle) (In 000 CHF)**

	31.12.2020		31.12.2019	
	Absolute	Share as %	Absolute	Share as %
Europe				
Switzerland	285,013	25.02%	126,553	15.24%
Spain	124,499	10.93%	77,554	9.34%
Sweden	76,966	6.76%	29,067	3.50%
France	61,038	5.36%	19,467	2.34%
Luxembourg	46,211	4.06%	25,268	3.04%
Turkey	37,432	3.29%	53,907	6.49%
Finland	24,362	2.14%	-	-
Netherlands	22,150	1.94%	48,518	5.84%
United Kingdom	9,778	0.86%	19,362	2.33%
Belgium	8,004	0.70%	1,477	0.18%
Other European	5,931	0.52%	18,810	2.27%
<b>TOTAL EUROPE</b>	<b>701,384</b>	<b>61.58%</b>	<b>419,983</b>	<b>50.57%</b>
North America				
United States	31,442	2.76%	43,688	5.26%
Mexico	127,571	11.20%	130,670	15.74%
Canada	231	0.02%	100	0.01%
<b>TOTAL NORTH AMERICA</b>	<b>159,244</b>	<b>13.98%</b>	<b>174,458</b>	<b>21.01%</b>
South and Central America (Incl. Caribbean Zone)				
South America	94,495	8.30%	90,641	10.92%
Central America	-	0.00%	224	0.03%
Caribbean Zone	113,420	9.96%	107,413	12.93%
<b>TOTAL SOUTH AND CENTRAL AMERICA (INCL. CARIBBEAN ZONE)</b>	<b>207,915</b>	<b>18.26%</b>	<b>198,278</b>	<b>23.88%</b>
<b>TOTAL OTHER COUNTRIES</b>	<b>70,373</b>	<b>6.18%</b>	<b>37,702</b>	<b>4.54%</b>
<b>TOTAL ASSET</b>	<b>1,138,916</b>	<b>100.00%</b>	<b>830,421</b>	<b>100.00%</b>

**Table 17: Breakdown of total assets by credit rating of country groups (risk domicile view) (In 000 CHF)**

Bank's own country rating	Net foreign exposure / 31.12.2020		Net foreign exposure / 31.12.2019	
	in CHF	Share as %	in CHF	Share as %
1	765,007	92.18%	534,782	88.50%
2	-	-	-	-
3	1,766	0.21%	-	-
4	43,367	5.22%	42,414	7.02%
5	4,725	0.57%	4,907	0.81%
6	9,712	1.17%	19,331	3.20%
7	2,691	0.32%	2,649	0.44%
Unrated	2,746	0.33%	151	0.03%
<b>TOTAL</b>	<b>830,014</b>	<b>100.00%</b>	<b>604,233</b>	<b>100.00%</b>

Explanations of the ratings system used:

The rating system used corresponds to the ratings provided by the SERV (Schweizerische Exportversicherung) on the basis of the OECD's-Rating/OECD country risk category (CCa), which comprises categories Cca 0 to Cca 7 and the category "High Income":

\* Cca 0 to Cca 7 categories, where as Cca 0 corresponds to the lowest and Cca 7 to the highest risk level.

\* High income" category, considering high-income OECD countries and high-income euro zone countries.

The ratings are updated on a regular basis through our software/provider for regulatory reporting.

**Table 18: Presentation of assets and liabilities broken down by the most significant currencies for the bank (In 000 CHF)**

	CHF	EUR	USD	Others	Total
<b>Assets</b>					
Liquid assets	32,766	191	34	17	33,008
Amounts due from banks	123	77,068	49,705	17,648	144,544
Amounts due from securities financing transactions	-	-	185,606	-	185,606
Amounts due from customers	55,503	188,806	171,521	25,620	441,450
Mortgage loans	-	-	-	-	-
Trading portfolio assets	-	-	-	-	-
Positive replacement values of derivative financial instruments	544	-	-	-	544
Other financial instruments at fair value	-	-	-	-	-
Financial investments	53,909	42,738	223,238	-	319,885
Accrued income and prepaid expenses	4,622	643	1,353	503	7,121
Participations	-	-	-	-	-
Tangible fixed assets	4,979	-	-	-	4,979
Intangible assets	-	-	-	-	-
Other assets	1,779	-	-	-	1,779
Capital not paid in	-	-	-	-	-
<b>TOTAL ASSETS SHOWN IN BALANCE SHEET</b>	<b>154,225</b>	<b>309,446</b>	<b>631,457</b>	<b>43,788</b>	<b>1,138,916</b>
<b>Delivery entitlements from spot exchange, forward forex and forex options transactions</b>	<b>17,440</b>	<b>11,632</b>	<b>6,308</b>	<b>2,428</b>	<b>37,808</b>
<b>TOTAL ASSETS</b>	<b>171,665</b>	<b>321,078</b>	<b>637,765</b>	<b>46,216</b>	<b>1,176,724</b>
<b>Liabilities</b>					
Amounts due to banks	-	-	65	64	129
Liabilities from securities financing transactions	-	-	-	-	-
Amounts due in respect of customer deposits	15,307	317,031	630,731	19,672	982,741
Trading portfolio liabilities	-	-	-	-	-
Negative replacement values of derivative financial instruments	2,386	-	-	-	2,386
Liabilities from other financial instruments at fair value	-	-	-	-	-
Cash bonds	-	-	-	-	-
Bond issues and central mortgage institution loans	-	-	-	-	-
Accrued expenses and deferred income	8,779	-	-	-	8,779
Other liabilities	2,536	60	49	-	2,645
Provisions	546	-	-	-	546
Reserves for general banking risks	2,620	-	-	-	2,620
Bank's capital	72,500	-	-	-	72,500
Statutory capital reserve	-	-	-	-	-
Statutory retained earnings reserve	37,200	-	-	-	37,200
Voluntary retained earnings reserves	19,459	-	-	-	19,459
Own shares (negative item)	-	-	-	-	-
Profit carried forward / loss carried forward	-	-	-	-	-
Profit / loss (result of the period)	9,911	-	-	-	9,911
<b>TOTAL LIABILITIES SHOWN IN THE BALANCE SHEET</b>	<b>171,244</b>	<b>317,091</b>	<b>630,845</b>	<b>19,736</b>	<b>1,138,916</b>
<b>Delivery obligations from spot exchange, forward forex and forex options transactions</b>	<b>387</b>	<b>4,520</b>	<b>9,696</b>	<b>26,562</b>	<b>41,165</b>
<b>TOTAL LIABILITIES</b>	<b>171,631</b>	<b>321,611</b>	<b>640,541</b>	<b>46,298</b>	<b>1,180,081</b>
<b>NET POSITION PER CURRENCY</b>	<b>34</b>	<b>-533</b>	<b>-2,776</b>	<b>-82</b>	<b>-3,357</b>

## 9. Information on off-balance sheet transactions

**Table 19: Breakdown of contingent liabilities and contingent assets (In 000 CHF)**

	31.12.2020	31.12.2019
Guarantees to secure credits and similar	42,766	49,434
Performance guarantees and similar	-	-
Irrevocable commitments arising from documentary letters of credit	-	-
Other contingent liabilities	921	921
<b>TOTAL CONTINGENT LIABILITIES</b>	<b>43,687</b>	<b>50,355</b>
Contingent assets arising from tax losses carried forward	-	-
Other contingent assets	14,858	16,108
<b>TOTAL CONTINGENT ASSETS</b>	<b>14,858</b>	<b>16,108</b>

**Table 20: Breakdown of fiduciary transactions (In 000 CHF)**

	31.12.2020	31.12.2019
Fiduciary investments with third-party companies	170,572	187,201
Fiduciary investments with group companies and linked companies	94,683	290,814
<b>TOTAL</b>	<b>265,255</b>	<b>478,015</b>

**Table 21: Managed assets (In 000 CHF)**

	31.12.2020	31.12.2019
a) Breakdown of managed assets		
Type of managed assets:		
Assets in collective investment schemes managed by the bank	644,104	655,329
Assets under discretionary asset management agreements	651,568	428,764
Other managed assets	3,923,054	4,315,789
<b>TOTAL MANAGED ASSETS (INCLUDING DOUBLE COUNTING)</b>	<b>5,218,726</b>	<b>5,399,882</b>
of which, double counting	369,815	335,575
b) Presentation of the development of managed assets		
<b>TOTAL MANAGED ASSETS (INCLUDING DOUBLE COUNTING) AT BEGINNING</b>	<b>5,399,882</b>	<b>4,901,248</b>
+/- net new money inflow or net new money outflow	205,420	319,692
+/- price gains / losses, interest, dividends and currency gains / losses	-386,576	178,942
+/- other effects*	-	-
<b>TOTAL MANAGED ASSETS (INCLUDING DOUBLE COUNTING) AT END</b>	<b>5,218,726</b>	<b>5,399,882</b>

\*Net new money consists of acquisition of new customers lost as well as the effect of the inflow and outflow of money from existing customers. Changes in the valuation of assets, interest and dividend payments as well as commissions paid do not form part of net new money.

## 10. Information on the income statement

**Table 22: Breakdown of the result from trading activities and the fair value option (In 000 CHF)**

	In CHF
a) Breakdown by business area (in accordance with the organisation of the bank / financial group)	
Administrated/advisory portfolio management services	1,858
Discretionary portfolio management services	145
Assets and Liabilities Management/trading	-324
<b>TOTAL</b>	<b>1,679</b>
b) Breakdown by underlying risk and based on the use of the fair value option	
Result from trading activities from:	-
Interest rate instruments (including funds)	-8
Equity securities (including funds)	-24
Foreign currencies	1,711
Commodities / precious metals	-
<b>TOTAL RESULT FROM TRADING ACTIVITIES</b>	<b>1,679</b>
of which, from fair value option	-
of which, from fair value option on assets	-
of which, from fair value option on liabilities	-

**Table 23: Disclosure of material refinancing income in the item Interest and discount income as well as material negative interest (In 000 CHF)**

	31.12.2020	31.12.2019
Disclosure of material refinancing income in the item 'Interest and discount income'	-	-
Negative interest	709	389

**Table 24: Breakdown of personnel expenses (In 000 CHF)**

	31.12.2020	31.12.2019
Salaries (meeting attendance fees and fixed compensation to members of the bank's governing bodies, salaries and benefits)	18,371	21,086
of which, expenses relating to share-based compensation and alternative forms of variable compensation	323	373
Social insurance benefits	2,947	2,865
Changes in book value for economic benefits and obligations arising from pension schemes	-	-
Other personnel expenses	1,133	1,256
<b>TOTAL</b>	<b>22,451</b>	<b>25,207</b>

**Table 25: Breakdown of general and administrative expenses (In 000 CHF)**

	31.12.2020	31.12.2019
Office space expenses	1,950	1,962
Expenses for information and communications technology	4,919	4,678
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	17	21
Fees of audit firm (Art. 961a no. 2 CO)	321	352
of which, for financial and regulatory audits	321	336
of which, for other services	-	16
Other operating expenses	2,710	4,202
of which, compensation for any cantonal guarantee	-	-
<b>TOTAL</b>	<b>9,917</b>	<b>11,215</b>

**Table 26: Explanations regarding material losses, extraordinary income and expenses, as well as material releases of hidden reserves, reserves for general banking risks, and value adjustments and provisions no longer required (In 000 CHF)**

Losses: Operating losses amounting to 76 TCHF, due to claims from operational nature (clients and counterparties)

Extraordinary income: No extraordinary income has been recognized.

Extraordinary expenses: The total amount of 1 TCHF corresponds to penalties due to late presentation or late payment of taxes.

**Table 27: Presentation of the operating result broken down according to domestic and foreign origin, according to the principle of permanent establishment (In 000 CHF)**

	Switzerland	Foreign
<b>Result from interest operations</b>		
Interest and discount income	7,293	-
Interest and dividend income from trading portfolios	-	-
Interest and dividend income from financial investments	3,054	-
Interest expense	-241	-
<b>Gross result from interest operations</b>	<b>10,106</b>	-
Changes in value adjustments for default risks and losses from interest operations	-13	-
<b>Subtotal net result from interest operations</b>	<b>10,093</b>	-
<b>Result from commission business and services</b>		
Commission income from securities trading and investment activities	36,516	-
Commission income from lending activities	372	-
Commission income from other services	1,016	-
Commission expense	-2,804	-
<b>Subtotal result from commission business and services</b>	<b>35,100</b>	-
<b>Result from trading activities and the fair value option</b>	<b>1,679</b>	-
<b>Other result from ordinary activities</b>	<b>121</b>	-
<b>TOTAL OF OPERATING REVENUES</b>	<b>46,993</b>	-
<b>Operating expenses</b>		
Personnel expenses	-22,451	-
General and administrative expenses	-9,917	-
<b>Subtotal of operating expenses</b>	<b>-32,368</b>	-
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	-1,765	-
Changes to provisions and other value adjustments, and losses	-76	-
<b>Operating result</b>	<b>12,784</b>	-

**Table 28: Presentation of current taxes, deferred taxes, and disclosure of tax rate (In 000 CHF)**

	31.12.2020	31.12.2019
Expenses for current taxes	2,873	2,095
Expenses for deferred taxes	-	-780
<b>TOTAL OF TAXES</b>	<b>2,873</b>	<b>1,315</b>
Average tax rate weighted	23.00%	23.00%



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Report of the Statutory Auditor to the General Meeting of Shareholders of

**BBVA SA, Zurich**

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### **Report of the Statutory Auditor on the Financial Statements**

As statutory auditor, we have audited the accompanying financial statements of BBVA SA, which comprise the balance sheet, income statement, cash flow statement, statement of changes in equity and notes (pages 18 to 47) for the year ended 31 December 2020.

#### **Board of Directors' Responsibility**

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the financial statements for the year ended 31 December 2020 comply with Swiss law and the company's articles of incorporation.



**BBVA SA, Zurich**  
Report of the Statutory Auditor  
on the Financial Statements  
to the General Meeting of Shareholders

### Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

A handwritten signature in black ink, appearing to read 'Markus Rohner', written over a light blue horizontal line.

Markus Rohner  
Licensed Audit Expert  
Auditor in Charge

A handwritten signature in black ink, appearing to read 'Dario Blau', written over a light blue horizontal line.

Dario Blau  
Licensed Audit Expert

Zurich, 22 April 2021

## KM1 - FINMA Circular 16/1 (In 000 CHF)

		31.12.2020	30.09.2020	30.06.2020	31.03.2020	31.12.2019
<b>Eligible capital (CHF)</b>						
1	Common Equity Tier 1 capital (CET1)	131,779	-	-	-	124,082
2	Tier 1 capital (T1)	131,779	-	-	-	124,082
3	Total capital, total	131,822	-	-	-	124,112
4a	Minimum required capital (CHF)	92,166	-	-	-	72,934
<b>Simplified leverage ratio (in %)</b>						
13a	Assets (excluding goodwill + equity interests) + off-balance sheet transactions (CHF)	1,152,075	-	-	-	911,687
14b	Simplified leverage ratio (Tier 1 capital in % of assets [excluding goodwill + equity interests] + off-balance sheet transactions)	11.40%	-	-	-	13.61%
<b>Liquidity Coverage Ratio (LCR)</b>						
15	LCR numerator: Total high quality liquid assets (HQLA) (CHF)	429,113	425,380	442,078	577,290	245,493
16	LCR denominator: Total of net cash outflow (CHF)	145,225	154,833	112,591	179,938	110,804
17	LCR (in %)	295.49%	274.73%	392.64%	320.83%	221.56%

Under the small banks regime, institutions in supervisory categories 4 and 5 shall hold minimum capital amounting to 8% of the denominator of the simplified leverage ratio. Should an institution be subject to higher requirements, for instance because of minimum capital requirements of at least CHF 10m for banks as per Articles 15 and 16 BO or CHF 1.5m for securities firms as per Article 62 FinIO, these requirements shall supersede this provision. In this case, the institution shall indicate in a footnote that it holds an amount of CHF 10m or 1.5m, respectively, instead of the minimum capital amounting to 8% of the denominator of the simplified leverage ratio.

The switch to the small bank regime took place on December 2020.

The leverage ratio line 13a & 14b as per December 2019 was still show according to the circular 15/03 which then was still applicable to BBVA in Switzerland.

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