

Index Linked Securities due 2022

Indicative Term sheet: 31 October 2019

ST-133464

Principal and Interest payable under the Securities depend on the performance of the underlying Indices. The Securities are not capital protected. There are no Charged Assets for this Series of Securities.

Securityholders are exposed to the credit risk of the Swap Counterparty (BBVA) and the market value of the Swap Agreement. The Securities are Secured Limited Recourse Obligations of the Issuer and are not guaranteed by BBVA in any way.

The Securities shall be issued pursuant to the EUR 5,000,000,000 Limited Recourse Secured Debt Issuance Programme of Douro Finance B.V. as described in the programme memorandum dated 21 June 2019. Prospective investors should read the programme memorandum, which contains, among other things, the terms and conditions, Selling Restrictions, Risk Factors, Events of Default and Investment Considerations applicable to the Securities available at https://www.ise.ie/debt_documents/Base%20Prospectus_38ba3009-4c3b-4474-a3c9-5dc1581a9e1d.pdf

Instrument	Repackaged Securities
Status of Securities	Secured, direct, limited recourse obligations of the Issuer
Form of Securities	Bearer (New Global Note - Not Eurosystem eligible).
Issuer	Douro Finance B.V., an Amsterdam incorporated special purpose company
Arranger	Banco Bilbao Vizcaya Argentaria, S.A. ("BBVA")
Specified Currency	Euro (EUR)
Aggregate Principal Amount	EUR 3,900,000
Specified Denominations	EUR 50,000
Minimum Trade Amount	EUR 100,000
ISIN	XS2078371304
Trade Date	31 October 2019
Issue Date	20 November 2019
Maturity Date	21 November 2022, (the "Scheduled Maturity Date"), subject to early redemption on the Cash Settlement Date as defined under Redemption Basis.
Issue Price	100 per cent
Indices:	(i=1) EuroStoxx 50 (Bloomberg Code: SX5E Index) (i=2) IBEX 35 (Bloomberg Code: IBEX Index)
Rating:	Not applicable
Put/Call Options	Not applicable
Listing	Not applicable
Calculation Agent	BBVA

This indicative term sheet does not constitute or imply an offer, solicitation or commitment whatsoever on part of BBVA or any of its affiliates to trade on the terms specified herein or to trade at all. The summary of the terms outlined below does not include all defined terms, is subject to change without notice, and shall be superseded by the legal documentation governing the Securities. BBVA may benefit from acting as dealer and swap counterparty of the Securities.

Determination Agent	BBVA
Business Day:	TARGET
Business Day Convention:	Modified Following

Interest Rate Provisions

Rate of Interest / Interest Basis	<p>Each Security shall pay on each Interest Payment Date, (for t=1 to t=6, inclusive) an Interest Amount calculated by the Calculation Agent in accordance with the following formula:</p> <p>3.75 per cent * t * Specified Denomination</p> <p>if the following condition is met:</p> $\text{Min}_{i=1}^2 \left(\frac{\text{Index}_{i,t}}{\text{Index}_{i,0}} \right) \geq 100\%$ <p>Otherwise,</p> <p>0 per cent * Specified Denomination</p> <p>Where:</p> <p>Index_{i,0}: (for i=1 to 2) means the official closing level of Index_i on 31 October 2019.</p> <p>Index_{i,t}: (for i=1 to 2 and t=1 to 6) means the official closing level of Index_i on Index Observation Date_t</p> <table border="1"> <thead> <tr> <th>t</th> <th>Index Observation Date t</th> <th>Interest Payment Date t / Cash Settlement Date t</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>14 May 2020</td> <td>21 May 2020</td> </tr> <tr> <td>2</td> <td>16 November 2020</td> <td>23 November 2020</td> </tr> <tr> <td>3</td> <td>14 May 2021</td> <td>21 May 2021</td> </tr> <tr> <td>4</td> <td>15 November 2021</td> <td>22 November 2021</td> </tr> <tr> <td>5</td> <td>16 May 2022</td> <td>23 May 2022</td> </tr> <tr> <td>6</td> <td>14 November 2022</td> <td>21 November 2022</td> </tr> </tbody> </table>	t	Index Observation Date t	Interest Payment Date t / Cash Settlement Date t	1	14 May 2020	21 May 2020	2	16 November 2020	23 November 2020	3	14 May 2021	21 May 2021	4	15 November 2021	22 November 2021	5	16 May 2022	23 May 2022	6	14 November 2022	21 November 2022
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Provisions relating to Redemption

Redemption Basis	<p>The Redemption Amount of each Security will be calculated by reference to the value of the Indices. Each Security shall be redeemed on any of the following Cash Settlement Dates in the circumstances and at the Redemption Amount calculated by the Calculation Agent in accordance with the following formula:</p> <ul style="list-style-type: none"> On any Cash Settlement Date_t (from t=1 to t=5): $\text{If } \text{Min}_{i=1}^2 \left(\frac{\text{Index}_{i,t}}{\text{Index}_{i,0}} \right) \geq 100\% , \text{ each Security will be redeemed on such Cash Settlement Date at an amount equal to:}$ <p style="text-align: center;">100 per cent x Specified Denomination</p>
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	<ul style="list-style-type: none"> • Otherwise, on the Maturity Date (t=6) <ul style="list-style-type: none"> ○ If $\text{Min}_{i=1}^2 \left(\frac{\text{Index}_{i,t}}{\text{Index}_{i,0}} \right) \geq 75\%$, each Security will be redeemed at an amount equal to: <p style="margin-left: 40px;">100 per cent x Specified Denomination.</p> <p style="margin-left: 40px;">Otherwise:</p> ○ If $\text{Min}_{i=1}^2 \left(\frac{\text{Index}_{i,t}}{\text{Index}_{i,0}} \right) < 75\%$, each Security will be redeemed at an amount equal to: <p style="margin-left: 40px;">$\text{Specified Denomination} * \left[\text{Min}_{i=1}^2 \left(\frac{\text{Index}_{i,t}}{\text{Index}_{i,0}} \right) \right]$</p>
Early Redemption Amount(s) payable on mandatory redemption as set out in Condition 8(b) - Taxation 8(c) - Default of the Swap Agreement, Condition 8(e) - Redemption or adjustment for a Regulatory Event, Condition 8(g) - Redemption for an Illegality Event, Condition 8(h) - Redemption for a Sanctions Event and and Condition 11 - Events of Default of the Securities	The Early Redemption Amount in respect of each Security shall be such Security's pro rata share of the portion of the Realisation Amount available for distribution to the Securityholders after application thereof in accordance with the relevant Security Ranking Basis.
Security Ranking Basis:	Counterparty Priority Basis
Determination Agent	BBVA

Adjustment and Extraordinary Events

Index Cancellation	<p>After Index Cancellation the Calculation Agent will include in the Basket a new index ("New Index") to substitute the cancelled Index, that must be different from the Indexes comprised in the Basket at that moment in accordance to the following procedure:</p> <ul style="list-style-type: none"> (a) The Calculation Agent will communicate promptly to the parties the New Index and the substitution date ("Substitution Date"). (b) The New Index must be similar to the Index that has been cancelled, therefore, the Calculation Agent may consider, but it is not obliged to, the following characteristics: geographic area, liquidity, volatility or any other variable relevant to the Calculation Agent.
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	<p>(c) Both parties hereby agree and undertake that the New Index shall be considered accepted if there is no challenge by any of the parties within two Business Days after the communication. Both parties also agree that any challenge to the communication must be made by written notice duly signed by a representative with enough capacity and delivered to the Calculation Agent to the correct address.</p> <p>(d) If parties do not agree with the New Index designated by Calculation Agent or the New Index does not comply with (b) then the Transaction will be considered terminated, according to Calculation Agent Determination and a Termination Date will be designated no more than two Business Days after the Calculation Agent's communication, except if the Index is deemed to be cancelled during that period. In this case, the Termination Date will be the last date when the Index is calculated and published by the Sponsor.</p>
Index Modification	Related Exchange Adjustment, unless no option or futures contracts on the index are traded on the Related Exchange when the Index Adjustment Event occurs, in which case Cancellation and Payment (Calculation Agent Determination) applies
Related Exchange Adjustment	<p>Following each adjustment to the exercise, settlement, payment or other terms of options or futures contracts on any relevant Indices traded on any Related Exchange, the Calculation Agent will make the corresponding adjustments, if any, to one or more of:</p> <p>i) in respect of an Index Option Transaction or an Index Basket Option Transaction, the Strike Price, the Number of Options, the Knock-in Price and the Knock-out Price</p> <p>ii) in respect of an Index Forward Transaction or an Index Basket Forward Transaction, the Forward Price, the Forward Floor Price, the Forward Cap Price, the Knock-in Price and the Knock-out Price</p> <p>iii) in respect of an Index Swap Transaction or an Index Basket Swap Transaction, the Initial Price, the Equity Notional Amount, the Knock-in Price and, in any case, any other variable relevant to the exercise, settlement, payment or other terms on that Transaction, as determined by the Calculation Agent, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Related Exchange.</p>
Index Disruption	Calculation Agent Adjustment
Market Disruption	<p>Section 6.6 (b) of the Equity Definition is replaced in its entirety by the words:</p> <p>If any Valuation Date is a Disrupted Day, in the case of an Index Basket Transaction, the Valuation Date for all the Indices shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the five Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (i) that fifth Scheduled Trading Day shall be deemed to be the Valuation Date for all the Indices, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine its good faith estimate of the value of all the Indices as of the Valuation Time on that fifth Scheduled Trading Day.</p>
Correction of Index Level	<p>Section 11.4. of the 2002 ISDA Equity Derivatives Definitions is hereby substituted by the following paragraph:</p> <p>"If, in respect of an Index Transaction, the level of an Index published on a given day and used or to be used by the Calculation Agent to determine the Settlement Price or the Final Price, as the case may be, is subsequently corrected and the correction published by that Index sponsor or a successor sponsor within 2 Business Days of the original publication, either party may notify the other party of (i) that correction and (ii) that amount that is payable as a result of that correction. If not later than 2 Business Days after publication of that correction a party gives notice that an amount is so payable, the party that originally either received or retained such amount shall, not later than three Business Days after the effectiveness of that notice, pay to the other party that amount.</p>
Additional Disruption Event	<p>Change in Law : Applicable</p> <p>Section 12.9 (a) (ii) of the 2002 ISDA Equity Definitions is replaced in its entirety by the words:</p> <p>"Change in Law" means that, on or after the Trade Date of the Transaction (A) due to the adoption of or any change in any applicable law or regulation (including without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority) the Calculation Agent determines in good faith that it has become illegal for a party to that Transaction to hold, acquire or dispose of Hedge Position relating to such Transaction, provided that this Section 12.9(a)(ii) shall not apply if the Calculation Agent determines that such party could have taken reasonable steps to avoid such illegality.</p>
Determination Party	BBVA.
Non-Reliance	Applicable.

Agreements and Acknowledgements Regarding Hedging Activities:	Applicable.
Additional Acknowledgements:	Applicable.

Mortgaged Property

Charged Assets:	Not applicable.
Charged Agreement:	Applicable. At the Issue Date, BBVA will enter into an Index Basket Option Transaction (the “ Swap Agreement ”) with the Issuer. Under the Swap Agreement the Issuer will pay to the Counterparty an amount equal to the net subscription moneys of the Securities. The Swap Counterparty will pay to the Issuer any sum payable to the Securityholders under the Securities.
Swap Counterparty:	BBVA

Distribution

Dealer’s Commission:	Not applicable.
Method of distribution:	Non-syndicated
Secondary market / Liquidity:	BBVA intends, under normal conditions (as determined by BBVA in its sole discretion), to publish an indicative price of the Securities on Bloomberg. These indicative prices will be published for information purposes only, and will not constitute an offer to buy or sell any Securities nor a commitment to make such an offer. Nevertheless, the first buyer of the Securities (the “ Initial Buyer ”) shall have the right to request from BBVA a firm purchase price for the Securities owned by the Initial Buyer (the “ Firm Price ”) for a minimum aggregate amount of EUR 100,000 and subject to normal market and funding conditions (as determined by BBVA in its sole discretion). The Firm Price shall be calculated by BBVA in its sole discretion. Any Firm Price provided by BBVA shall lose its binding character for BBVA if not immediately accepted by the Initial Buyer upon communication to it without the imposition of any terms and conditions by the Initial Buyer.

RISK FACTORS

The following is a limited selection of the risk factors relating to the product, potential investors should read the risk factors section in the programme memorandum.

Early Redemption

The Securities may be redeemed early in certain circumstances, including where there is an event of default in relation to the Securities or to the Charged Assets (if any), where certain regulatory events occur (which may also lead to an adjustment) and where there is a termination under the Swap Agreement. Prospective purchasers should note that the amount payable on early redemption may be significantly less than the amount that would otherwise have been payable at maturity of the Securities.

Security

There can be no assurance that the amount payable on any early redemption or enforcement of the security for the Securities will be equal to the outstanding Principal Amount of the Securities. Any shortfall in payments due to the Securityholders will be borne in accordance with the Priority of Payments specified in Paragraph 5 of “Conditions of the Securities”, and any claims of the Securityholders remaining after a mandatory redemption of the Securities or a realisation of the security and application of the proceeds as aforesaid shall be extinguished. None of the Programme

Parties or the obligors under the Mortgaged Property (other than the Issuer) has any obligation to any Securityholder for payment of any amount owing by the Issuer in respect of the Securities.

No Obligation

Neither the Issuer nor any of the Programme Parties is obligated to make good on any losses suffered by Securityholders as a result of a Trigger Event or otherwise.

Limited liquidity

There is no secondary market for the Securities, and no secondary market is expected to develop in respect thereof, so that the purchase of the Securities is suitable only for investors who can bear the risks associated with a lack of liquidity in the Securities and who are prepared to hold the Securities for an indefinite period of time or until the final redemption or maturity of the Securities.

Investments in Index Linked Securities:

Index Linked Securities are debt securities which do not provide for predetermined redemption amounts but amounts due in respect of principal will be dependent upon the performance of the underlying index (as defined in the Swap Confirmation), which itself may contain substantial credit or other risks.

An investment in Index Linked Securities therefore entails significant risks that are not associated with similar investments in a conventional fixed or floating rate debt security. These risks include, among other things, the possibility that:

- the underlying index may be subject to significant fluctuations in their value;
- the holder of an Index Linked Security could lose all or a substantial portion of the principal of such Security (whether payable at maturity or upon redemption or repayment).

The Securities are Secured Limited Recourse obligations of the Issuer and are not guaranteed by BBVA. Securityholders are exposed to the credit risk of the Counterparty (BBVA) and are exposed to the market value of the Swap Agreement.

Purchasers of the Securities acknowledge that they have sufficient knowledge, experience and professional advice to make their own investment decision including their own legal, financial, tax, accounting and other business evaluation of the risks and merits of investments in the Securities and should ensure that they fully understand the risks associated with investments of this nature which are intended to be sold only to sophisticated investors. This term sheet is not a final expression of the terms and conditions of any transaction and it may be amended, superseded or replaced in its entirety by subsequent term sheets. This term sheet does not purport to identify or suggest all of risks (direct or indirect), which may be associated with the proposed investment.

By entering into a transaction you acknowledge that you have read and understood the following terms: BBVA is acting solely as an arm's length contractual counterparty and not as your financial adviser. You should also understand that BBVA or its affiliates may provide banking, credit and other financial services to any company or issuer of securities or financial instruments referred to herein, underwrite, make a market in, have positions in, or otherwise buy and sell securities or financial instruments which may be identical or economically similar to any transaction entered into with you.

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