

Information for customers on CBP

On June 2, Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter, the **Bank**) adopted the code of best practices (hereinafter, the **Code of Best Practices**) published by way of the [Resolution of May 12, 2021](#), of the State Office for Economy and Business Support, publishing the Agreement of the Council of Ministers of May 11, 2021, which approves the Code of Best Practices for the renegotiation framework for customers with guaranteed financing laid out in [Royal Decree-Law 5/2021](#) of March 12, on extraordinary measures to guarantee business solvency in response to the COVID-19 pandemic. In relation to this Code of Best Practices, the Bank of Spain has set up a [specific section](#) on its website. This Code of Best Practices has been extended pursuant to the Council of Ministers Agreement of November 30, 2021, published in the BOE by the Resolution of November 30, 2021, of the State Office for Economy and Business Support; and amended pursuant to the Council of Ministers Agreement of March 29, 2022, published in the BOE by the Resolution of March 30, 2022, of the State Office for Economy and Business Support.

The provisions in this Code of Best Practices are applicable to the holders of ICO financing operations that were signed between March 17, 2020, and March 13, 2021 (both exclusive). If you engaged in one of these operations, below is a description of the measures you can request under the Code of Best Practices:

The Code of Best Practices consists of three measures: (I) term extensions of financing operations (and, where applicable, inclusion or extension of the grace period); (II) conversion of financing operations into participative (i.e. profit-sharing) loans; and (III) direct transfers in relation to the financing operations (which will apply to reduce the guaranteed principal, including past-due and unpaid principal under these financing operations).

It is important to note that the term extensions will be compulsory provided that a number of requirements are met and within certain limits, as outlined below, while **conversions into participative loans and transfers require the authorization of the financial institution, since they are subject to internal procedures and the issuance and risk policies, which is why the Bank may deny these requests.**

What follows is a very generic description for your information of the main characteristics of the three measures contained in the Code of Best Practices.

(I) Term extensions of financing operations

The holder of an operation with an ICO guarantee (hereinafter the **customer**) who requests this option must satisfy the following requirements: **(i)** cannot have non-performing loans (more than 90 days overdue) with the Bank; **(ii)** not listed on the CIRBE list of defaulters; **(iii)** the bank cannot have reported the non-payment of the guaranteed operation to the ICO; **(iv)** not involved in bankruptcy proceedings, unless an agreement has been made in this case, nor be subject to a court's intervention or have been disqualified in accordance with the revised text of the Bankruptcy Act, unless the period of disqualification specified in the bankruptcy ruling has elapsed; **(v)** comply with the limits set out in EU laws on State Aid; **(vi)** not be sentenced by a final ruling (a) for offenses against the

Public Treasury and Social Security, (b) or for offenses of fraudulent conveyance, punishable insolvency or theft in which one of the injured parties was the Public Treasury, (c) or have been deemed ineligible to obtain subsidies or public aid, or for offenses of corruption, bribery, misappropriation of public funds, influence peddling, fraud and extortion by means of a final ruling (d) to the final resolution of any contract entered into with the Government; **(vii)** must be up to date on payments of obligations to reimburse subsidies or public aid; **(viii)** be up to date with tax and Social Security obligations; and **(ix)** not be a tax resident of a country or territory classified as a tax haven. Note that the documents you will have to submit to show that you satisfy these requirements are available at your branch.

If the customer meets all the above requirements, and the operation for which they request the extension of the term was signed between March 17, 2020, and March 13, 2021 (both exclusive, as noted earlier), they will be entitled to an extension of the term of validity of the operation of up to 2 years if the operation had previously received the extension in RDL 34/2020, and up to 5 years if said extension in RDL 34/2020 was not applied for.

The maximum term of the operation after this extension will be 10 years for operations with State aid of up to €2,300,000, and 8 years for operations whose aid amount exceeds this limit.

Note that the €2,300,000 limit will be calculated on aggregate for a group of companies, and will include the operations already subject to the regime of Section 3.1 of the Temporary Framework, plus the guaranteed amount of the operation whose term is to be extended. **Operations that exceed the €2,300,000 limit will be revalued** after the extension to account for the increased cost of the State guarantee, as described in the Code of Best Practices.

The customer must request this option. If they comply with all the requirements described above, the Bank will be required to grant the term extension.

The customer may request the term extension and/or the inclusion or extension of the grace period only once per operation. As a general rule, the Bank may, at its discretion, grant or deny the grace period in any case (even if the customer satisfies all the requirements).

As an exception to the provisions of the above paragraph: if the customer (i) has a CNAE that starts with 01, 03, 493 or 494; (ii) complies with all the requirements set out above; and (iii) requests IN ADDITION to the grace period, a term extension; the Bank will be obliged to grant a grace period of up to six months. If the customer has already reached the maximum guarantee period (previously indicated), they may request the grace period separately. If you have any doubts about these requirements, you can find out more at your branch.

(II) Conversion of financing operations into participative loans

The customer requesting this option must satisfy requirements (i) to (ix) listed in point (I) above, and must also have a profit and loss statement (for 2020) with a negative result after taxes. Again, it should be noted that these requirements have been set by the ICO. Note that the documents you will have to submit to show that you satisfy these requirements are available at your branch.

This option is available exclusively to legal entities (self-employed workers will not be able to request this option), which may request it until April 15, 2022. The limit for conversion into a participative loan will be €2,300,000, and includes all the operations in Section 3.1 of the Temporary Framework.

As previously noted, we remind you that **conversions to participative loans are subject to the procedures and policies of each entity, meaning the Bank can refuse these applications.**

(III) Direct transfers involving financing operations

The customer who requests this option must satisfy the following requirements: **(i)** not be involved in bankruptcy proceedings, unless an agreement has been made in this case, nor be subject to a court's intervention or have

been disqualified in accordance with the revised text of the Bankruptcy Act, unless the period of disqualification specified in the bankruptcy ruling has elapsed; **(ii)** comply with the limits set out in EU laws on State Aid; **(iii)** not have been sentenced by a final ruling (a) for offenses against the Public Treasury and Social Security, (b) or for offenses of fraudulent conveyance, punishable insolvency or theft in which one of the injured parties was the Public Treasury, (c) or have been deemed ineligible to obtain subsidies or public aid, or for offenses of corruption, bribery, misappropriation of public funds, influence peddling, fraud and extortion by means of a final ruling (d) to the final resolution of any contract entered into with the Government; **(iv)** be up to date on payments of obligations to reimburse subsidies or public aid; **(v)** be up to date with tax and Social Security obligations; **(vi)** not be a tax resident of a country or territory classified as a tax haven; **(vii)** have experienced a reduction in turnover of at least 30% in 2020 compared to 2019; and **(viii)** have a profit and loss statement (for 2020) with a negative result after taxes. Again, it should be noted that these requirements have been set by the ICO. Note that the documents you will have to submit to show that you satisfy these requirements are available at your branch.

This option may be requested until April 15, 2023. The limit for direct transfers will be €2,300,000, and includes all the operations in Section 3.1 of the Temporary Framework.

A direct transfer cannot exceed 50% of the outstanding guaranteed principal, unless the decrease in turnover described in point (vii) above was higher than 70% in 2020 compared to 2019, in which case the limit rises to 75% of the outstanding guaranteed principal. The Entities will make a reduction proportional to the guarantee provided by the ICO (in relation to the part of the financing with a State guarantee not covered by this guarantee).

The direct transfers are subject to the procedures and policies of each entity, meaning the Bank can refuse these applications.

The entity to which the customer is most indebted with the State guarantee will be the "coordinating entity" of the direct transfers and conversions into participative loans. For the purposes of this calculation, financing transactions with collateral will not be included. You have to address your request to this "coordinating entity," which will tell you how to proceed (for direct transfers and conversions into participative loans). For the sake of clarity, if you request an extension of the expiration date of one or more transactions, the contents of this paragraph do not apply to you: you have to contact the entity or entities where you have the operation(s) you wish to extend.

The coordinating entity will collect the necessary information from the other entities with which the customer has financing operations with a State guarantee. They will try to offer a joint solution for any debt you entered into between March 17, 2020, and March 13, 2021 (both exclusive, with and without a State guarantee). This solution will be reflected in a debt renegotiation agreement.

The financial institutions may either accept the coordinating entity's proposal (the debt renegotiation agreement) or reject it. In the case of a **debt with a State guarantee**, if a majority is achieved (50% in the case of conversion to participative loan, and 66% in the case of direct transfers if the customer is an SME with the support of the two entities with the greatest exposure in the case of a conversion into a participative loan; or if the customer is an SME or self-employed in the case of direct transfers, with the support of the three entities with the greatest exposure), the dissenting minority will be absorbed. In the case of **debt without a State guarantee**, the remaining entities will not be absorbed into the coordinating entity's proposal under any circumstances. They can voluntarily accept this debt renegotiation agreement, or propose a bilateral alternative to the customer.

As already stated, the requirements described above will have to be documented (i.e. criminal background check, Social Security and Tax Administration certificates, annual VAT tax form, etc.). The coordinating entity must be authorized to share information with the financial institutions (that share the Code of Best Practices) with which the customer has operations with a State guarantee issued by the ICO, between these entities and the ICO, with the ICO, so it can gather information from the Tax Agency and the Social Security Administration, and for the latter (Tax Agency and SAA) to share information with the ICO.

A conversion into a participative loan or direct transfer may only be requested ONCE under the Code of Best

Practices. On an exceptional basis, a second request will be accepted if a request has already been made, and the second request emerges from the difference between the maximum transfer amount established previously (€1,800,000) and the new maximum amount (€2,300,000) established following the CBP extension, pursuant to the Council of Ministers Agreement of November 30, 2021, published in the BOE by the Resolution of November 30, 2021, of the State Office for Economy and Business Support.

The costs resulting from the implementation of the measures described above will be borne by the customer. As indicated above, the extension of the term may entail the repricing of the financing (to account for the increased cost of the State guarantee).

The Bank commits to extend working capital lines (not covered by State guarantees) until June 30, 2023, for customers who benefit from any of the measures in the Code of Best Practices.

If you benefit from any of the measures set out in the Code of Best Practices, and as regulated therein, the customer undertakes to: **(i)** continue in the activity until June 30, 2022; **(ii)** not pay dividends in 2021 and 2022; and **(iii)** not approve increases in remuneration for senior management for two years from the application of any of the measures.

If you have any questions, please contact your branch.



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