

# 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).

Starting on June 1, 2022, you can only request option (III), that is: 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). **Said transfers require have to be authorized by the bank, since they are subject to internal procedures and policies on risks, meaning the Bank can refuse these requests.**

What follows is a very generic description for your information of the main characteristics of direct transfers:

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).

**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. 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.

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 (66% in the case of direct transfers if the customer is an SME with the support of the three entities with the greatest exposure), the dissenting minority will be constrained. 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 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.

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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