

STRATEGIC PARTNER/MARKETING SUPPORT ARRANGEMENTS (June 2020)

Our Strategic Partner/Provider Benefits Program

Certain product providers pay BBVA Securities Inc. (through its BBVA Investments division (“BBVA Investments”)) and/or BBVA Insurance Agency, Inc. (“BIA”) additional revenue-sharing, marketing support, marketing assistance and similar compensation and provide benefits to BBVA Investments and/or BIA and their financial representatives in the form of education, training, marketing and sales support or reimbursement to BBVA Investments and/or BIA or their financial representatives of expenses related to such matters (referred to below as “**Supplemental Compensation and Benefits**”). BBVA Investments and/or BIA, as applicable, are referred to below as “BBVA” for convenience. Supplemental Compensation and Benefits can take the form of Marketing Support/Marketing Support Payments, Marketing Assistance and Provider Benefits, as described in more detail below. The receipt of Supplemental Compensation and Benefits creates conflicts of interest in the form of additional incentives for BBVA Investments and BIA and their financial representatives to promote the products of providers who provide Supplemental Compensation and Benefits or provide increased levels Supplemental Compensation and Benefits.

BBVA has designated an approved group of mutual funds, annuities, 529 Plans, unit investment trusts and structured products (the “**Approved Products**”) that its financial representatives may recommend to customers. In identifying the Approved Products, BBVA has considered many factors, including the product provider’s longevity and stability, product variety, name recognition, marketing, wholesaling and training support, as well as the revenue-sharing payments that may be received by BBVA. In addition, BBVA has established special “**Strategic Partner**” relationships with certain providers of Approved Products based on an increased level of marketing, wholesaling and training support provided to BBVA (“**Marketing Support**”), including through various forms of payments to BBVA from the product provider (“**Marketing Support Payments**”) and occasional cash assistance from fund providers for training, customer events, sales meetings and similar functions and various marketing initiatives (“**Marketing Assistance**”).

Product providers provide Marketing Support, in part, in order to be eligible for varying levels of enhanced access to BBVA’s financial representatives, including at sales and training events and conferences and during periodic conference calls, presentation of the product provider’s advertising and marketing materials, and similar benefits (“**Provider Benefits**”). For example, a provider who is designated as a “Tier 1” strategic partner will be entitled to a higher level of Provider Benefits than a “Tier 2” strategic partner, and so forth. The level of Provider Benefits available to a particular provider varies depending on the level of Marketing Support they provide to us. In addition, in the case of annuity providers and U.S. domestic mutual fund providers, Tier 1 status also is dependent on certain sales and/or asset level thresholds in the provider’s products were achieved with our customers in the preceding calendar year. The level and type of Marketing Support Payments BBVA receives will vary from provider to provider and will vary from product to product. Most, but not all, providers whose products are on our approved list of products will make Marketing Support Payments to BBVA.

- Currently, in most cases, the Marketing Support Payments we receive are “sales-based” (calculated at predetermined rates based on the level of sales by BBVA of the Provider’s Products), but in the case of U.S. domestic mutual funds the provider makes a lump-sum Marketing Support Payment in a flat amount in addition to sales-based payments and, in the case of UIT and structured product providers, all Marketing Support Payments currently are in the form of a flat annual amount.
- In addition, in the case of offshore mutual funds offered to our international customers, we receive asset-based Marketing Support payments from some providers and most of the fund providers provide meeting support payments in varying amounts.
- Sales-based Marketing Support Payments currently are calculated at an annual rate of 0.10% in the case of U.S. domestic mutual funds, up to 0.25% in the case of offshore mutual funds, and range from 0.15% - 0.25% on variable annuity sales and fixed indexed annuity sales and 0.05% - 0.25% on fixed annuity sales.

Conflicts of interest arise from Supplemental Compensation and Benefits provided to BBVA by product providers. Product providers who have Supplemental Compensation and Benefits arrangements with BBVA may be motivated, in part, by an expectation of increased sales of their products to BBVA’s customers. Although BBVA does not guarantee product providers any particular level of sales of the provider’s products, the product providers with Supplemental Compensation and Benefits arrangements with BBVA receive increased access to our financial representatives, which provides our financial representatives with increased exposure to those providers’ products. In some instances, our financial representatives may receive direct and indirect non-cash benefits, and other forms of nominal non-cash benefits, from product providers (including both product providers who provide Supplemental Compensation and Benefits to BBVA and product providers who do not). These additional benefits received by our financial representatives will vary by product provider and tend to be more significant in the case of product providers providing Marketing Support/Marketing Support Payments to BBVA.

Although there are incentives for product providers to participate in our Marketing Support/Provider Benefits program and for us and our financial representatives to utilize products of participating providers, it should be noted that all providers of Approved Products are eligible to participate in the Marketing Support/Provider Benefits program, at the level selected by the product provider,

and that participation in the program is not required in order for a provider's products to be included on the list of Approved Products. In addition, BBVA's Investment Sales Representatives and other financial representatives do not receive any additional compensation based on the Marketing Support Payments received by BBVA. However, the product recommendations offered by our financial representatives may be influenced by the receipt by BBVA of Supplemental Compensation and Benefits from certain product providers, the increased exposure of BBVA's financial representatives to product providers providing Supplemental Compensation and Benefits to BBVA and their products and the fact that financial representatives may receive increased levels of non-cash benefits from some product providers.

Information Concerning the Strategic Partner Marketing Support and Meeting Support We Receive

Information is provided below concerning our Strategic Partner Marketing Support arrangements for 2020.

U.S. Mutual Fund Providers


Provider	Strategic Partner	Type of Marketing Support Payment	Amount or Rate
Franklin-Templeton Distributors, Inc.	Yes – Tier 1	One-time payment plus sales-based periodic fee	\$50,000 one-time payment, plus 0.10% quarterly in arrears on fund sales
Note: The sales-based fees received from Franklin-Templeton in 2019 was approximately \$27,000			

Offshore Mutual Fund Providers

Provider	Type of Marketing Support Payment in 2020	Amount or Rate
MFS Investment Management Company (LUX) S.A.R.L. ("MFS")	Asset-based periodic fees, payable quarterly in arrears	0.25% of the assets under management in funds managed by the product provider
Templeton Franklin Global Distributors Ltd. and Templeton Global Advisors Ltd. ("Templeton")	Asset-based periodic fees, payable quarterly in arrears	Ranges from 0.15% in case of fixed income funds and 0.25% in the case of other funds based on the assets under management in funds managed by the product provider
<p>2019 Marketing Support Payments Received: MFS's Marketing Support Payments to BBVA totaled \$278,652 in 2019. In addition to its asset-based Marketing Support Payments, MFS also has provided BBVA with meeting support in the amount of \$15,000 for 2020. Templeton's Marketing Support Payments to BBVA totaled \$81,638 in 2019. In addition to its asset-based Marketing Support Payments, Templeton also has provided BBVA with meeting support in the amount of \$10,000 for 2020.</p> <p>Additional Meeting Support Payments: BBVA also has received meeting support payments in 2020 ranging from \$5,000 - \$15,000 from the following additional offshore mutual fund providers: Allianz; Alliance Bernstein; Amundi Pioneer; Janus Henderson; M&G Investments; Morgan Stanley; PIMCO; Investec; Vontobel; AXA; Blackrock; Capital Group; Columbia Threadneedle; GAM Investments; and JP Morgan.</p>		

UIT and Structured Product Providers

Provider	Strategic Partner	Type of 2020 Marketing Support Payment	Total Paid to BBVA in 2019
Incapital LLC	Yes – Tier 1	Annual lump sum of \$250,000 (four equal quarterly installments of \$62,500)	\$150,000
Advisors Asset Management Inc.	Yes – Tier 2	Annual lump sum of \$50,000	Not applicable
First Trust Portfolios L.P.	Yes – Tier 2	Annual lump-sum of \$50,000	\$150,000

 **Note:** Our International Group also received meeting support payments in the amount of \$5,000 from Citi and Barclays, respectively, which are approved structured product issuers for the International Group.


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Annuity Providers (Fixed Annuities, Fixed Index Annuities, Variable Annuities)

Tier 1 Strategic Partners				
Total Marketing Support Payments to BBVA in 2019	Provider (listed in descending order of Total 2019 Marketing Support Payments to BBVA)	Types of Products	Type of Marketing Support Payment in 2020	Amount or Rate
\$300,000 - \$400,000				
	Security Benefit Life Insurance Co.	Fixed Annuities Fixed Index Annuities	Sales-based periodic fee	0.20% - 0.25%
	Global Atlantic Life Insurance Co.	Fixed Annuities Fixed Index Annuities Variable Annuities	Sales-based periodic fee	0.05% - 0.25%
	Great American Life insurance Co.	Fixed Annuities Fixed Index Annuities	Sales-based periodic fee	0.25%
	Jackson National Life Insurance Co.	Fixed Annuities Fixed Index Annuities Variable Annuities	Sales-based periodic fee	0.25%
\$200,000 - \$299,999				
	None			
\$100,000 - \$199,999				
	Lincoln National Life Insurance Co.	Fixed Annuities Fixed Index Annuities Variable Annuities	Sales-based periodic fee	0.15% - 0.25%
	Pacific Life Insurance Co.	Fixed Annuities Fixed Index Annuities Variable Annuities	Sales-based periodic fee	0.10% - 0.25%
	Allianz Life Insurance Company of North America	Fixed Index Annuities Variable Annuities	Sales-based periodic fee	0.20% - 0.25%
	Eagle Life Insurance Co.	Fixed Annuities Fixed Index Annuities	Sales-based periodic fee	0.25%
	AXA Equitable Life and Annuity Co.	Variable Annuities	Sales-based periodic fee	0.25%
\$50,000 - \$99,999				
	Protective Life Insurance Co.	Fixed Annuities Variable Annuities	Sales-based periodic fee	0.25%
	Symetra Life Insurance Co.	Fixed Annuities Fixed Index Annuities	Sales-based periodic fee	0.15% - 0.25%
Less than \$50,000				
	Western Southern Life Assurance Co. (Integrity)	Fixed Annuities Fixed Index Annuities Variable Annuities	Sales-based periodic fee	0.20% - 0.25%
	American General Life Insurance Co.	Fixed Annuities Fixed Index Annuities Variable Annuities	Sales-based periodic fee	0.10% - 0.25%
	CUNA Mutual Group	Variable Annuities	Sales-based periodic fee	0.20%

Tier 2 Strategic Partners				
Total Marketing Support Payments to BBVA in 2019	Provider (listed in descending order of Total 2019 Marketing Support Payments to BBVA)	Types of Products	Type of Marketing Support Payment	Amount or Rate
Less than \$20,000				
	Nationwide Life and Annuity Insurance Co.	Fixed Index Annuities Variable Annuities	Sales-based periodic fee	0.20%
	Prudential Annuities Life Assurance Corporation	Fixed Index Annuities Variable Annuities	Sales-based periodic fee	0.20%
	Principal Life Insurance Co.	Fixed Annuities Variable Annuities	Sales-based periodic fee	0.20%

Tier 3 Strategic Partners				
Total Marketing Support Payments to BBVA in 2019	Provider (listed in descending order of Total 2019 Marketing Support Payments to BBVA)	Types of Products	Type of Marketing Support Payment	Amount or Rate
Less than \$3,000				
	Transamerica Life Insurance Co.	Variable Annuities	Sales-based periodic fee	0.20%
	New York Life Insurance Co.	Fixed Annuities	Sales-based periodic fee	0.10%

 **Note:** BIA also received meeting support payments of \$15,000 from each of the following insurance “BGAs” (brokerage general agents): 1) RDK Lincoln; 2) Brandon Agency; and 3) Highland Capital

Additional Revenue-Sharing Payments

Although not a participant in our Marketing Support/Provider Benefits Program, we receive asset-based payments from Goldman, Sachs & Co., Goldman Sachs Asset Management L.P. and/or their affiliates (“Goldman Sachs”), which are calculated on the basis of the assets of customers of BBVA Investments and certain of its affiliates invested in mutual funds distributed by Goldman Sachs. The asset-based payments are expected to range from 0.02% to 0.10% in the case of assets invested in Goldman Sachs money market mutual funds offered to BBVA Investments customers and assets invested in Goldman Sachs fixed income fluctuating value mutual funds to 0.20% in the case of assets invested in Goldman Sachs equity fluctuating value mutual funds. These asset-based payments are paid by Goldman Sachs from its own assets, and are in addition to applicable 12b-1 fees, shareholder servicing fees and administrative service fees paid to BBVA Investments and/or its affiliates from the assets of the applicable funds.