BBVA

Creating Opportunities

BBVA 2021

green and social bonds

REPORT

BBVA
Creating Opportunities

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Introduction

BBVA is one of the most experienced financial institutions in the green bond market. The Bank's activity started in 2007, when it participated in the issue of the first green bond by the European Investment Bank. Since then, the bank has led, structured, provided guidance on, and acted as the placement entity for social and green bond issues by clients in Europe, the United States and Latin America.

In April 2018, BBVA published its Framework for issuing sustainable bonds, linked to UN Sustainable Development Goals (SDGs). A few days later, it issued its first green bond, a €1 billion debt facility. At the time, BBVA's inaugural green bond issuance was the largest in the euro area by a financial institution.

Since it released its Framework for the issuance of SDG-linked bonds in 2018, BBVA has become one of the most active players in the green bond market. After its inaugural bond, in 2019 the Bank issued a second green bond for the same amount. Additionally, it issued the first green bond structured using blockchain technology. In May 2020, BBVA became the first private institution in Europe to issue a COVID-19 related social bond. Two months later, it issued the first green perpetual contingent convertible (CoCo) bond by a financial institution to finance eligible green assets in BBVA's portfolio, diversified in assets from different green sectors (energy efficiency, renewable energies, sustainable transport, waste management and water management). Finally, the Bank issued its second social bond for €1 billion in the third quarter of 2021 as part of its commitment of issuing at least one ESG bond per year.

BBVA wants to help its clients transition toward a more sustainable future with finance, advice and innovative solutions, with the focus primarily on two areas:

- **Climate action:** mobilizing the appropriate resources to manage the challenge of climate change.
- **Inclusive growth:** mobilizing the investments needed to build inclusive infrastructures and support inclusive economic development in an equitable way that leaves no one behind.

BBVA considers that the commitment to sustainability is not only a challenge that requires an urgent response, but also an important opportunity for business. The energy transition, in particular, will require major investments over the coming decades to replace fossil fuels with other cleaner and more efficient sources of energy. This will have an impact on practically all industries, and also on how people move, consume or arrange their homes.

In this context, the issuance of green and social bonds plays a key role in the achievement of the Bank's targets. Sustainable origination allows the bank to support its clients' transition towards a low-carbon economy, and contributes to its progressive alignment with the goals of the Paris agreement.

2. Summary of the BBVA's framework for issuing SDG-linked bonds

According to this framework, BBVA can issue three types of bonds:

GREEN BONDS
Debt instruments whose funds are allocated to financing new or existing green projects.

SOCIAL BONDS
Debt instruments whose funds are allocated to financing new or existing social projects.

SUSTAINABLE BONDS
Debt instruments whose funds are allocated to financing new or existing green and social projects.

The most significant features of this framework are summarized below:

- A standard, transparent framework aligned to the four components of the International Capital Market Association's 2018 Green Bond Principles, the Social Bond Principles, and the Sustainable Bond Guidelines which are use of proceeds, process for project selection and evaluation, management of proceeds, and reporting.
- Aligned to the United Nations' Sustainable Development Goals (SDGs) and the 2030 Agenda for Sustainable Development.
- Backed by sound governance: BBVA's Sustainable Finance Working Group and its SDGs Bond Committee are responsible for defining which projects will be eligible and included in each bond. The Global Head of the Responsible Business department will have final veto power over which projects are selected.
- Strict monitoring and management of net proceeds received. Each year from the year following the green bond's issuance and until maturity (or full redemption), BBVA may task a qualified entity with producing a limited assurance report on the allocation of proceeds (to recipient social or green projects) originating from relevant green, social, or sustainability bonds.
- The annual reports covering BBVA's SDG bonds will be released to the public on BBVA website.
- External verification: the framework has obtained an independent verification assessment from DNV-GL.

Use of proceeds

Eligible green categories[1]

Energy efficiency

Sustainable transportation

Water

Waste management

Renewable energy

Eligible social categories[1]

Health

Education

SME financing and microfinance

Affordable housing

(1) Green and Social eligible categories may include other projects in accordance with any update of the ICMA Green Bond Principles at anytime.

Process for project selection and evaluation

- The Sustainable Finance Working Group reviews a list of prospective eligible projects.
- The SDGs Bond Committee provides an additional review of the qualifying projects and decides which ones will definitively be included in each bond issued under the framework.
- The Responsible Business department will have final veto power over the selected projects.

Management of proceeds

- BBVA will control the use of the proceeds originating from the green, social, or sustainability bonds issued in accordance with the framework.
- BBVA will maintain an excess of projects beyond the proceeds originating from the issuance of the green, social and sustainability bonds in order to guarantee compliance with the requirements for the use of the proceeds.
- Any project assigned to a green, social or sustainable bond that ceases to comply with the qualification requirements within any of the green or social categories, will be substituted by another project that meets these same requirements.

Reporting

- The SDGs Bond Committee will be responsible for the content of the report, which will be subject to approval by the BBVA Sustainable Finance Working Group.
- The report may be subject to limited verification conducted by an independent third party in order to guarantee that the issuance framework was adequately followed.

3. Total amount of BBVA's green and social eligible portfolio

As of December 2021, BBVA's total committed green eligible portfolio amounted to €5,182 million, after growing 29 percent since 2020. The sectors showing higher growth were energy efficiency and renewable energy.

As for its social portfolio, the bank's eligible portfolio stood at €2,698 million increasing 19% its committed exposure compared to the last year.

BREAKDOWN OF THE GREEN PORTFOLIO (MILLIONS OF EUROS)

Category	Dec 21	%	Dec-20	Dec-19	Dec-18
Energy Efficiency	**1,534**	*30*	**851**	**468**	**-**
Green buildings	1,332		829	468	-
Other (1)	202		22	-	
Renewable Energy	**2,237**	*43*	**1,611**	**1,422**	**863**
Wind	1,346		1,162	783	700
Solar	672		429	491	155
Other[2]	219		20	148	9
Water management	**168**	*3*	**107**	**79**	**-**
Waste management	**277**	*5*	**405**	**184**	**-**
Sustainable transport	**937**	*18*	**1,035**	**630**	**225**
Other	**28**	*1*			
Total	**5,182**	**100**	**4,009**	**2,782**	**1,088**

(1) This category includes loans related to lighting and fiber optic.
(2) This category includes projects for the development of power lines, mixed renewable electrical generation facilities and financing of corporate projects including solar, wind and hydroelectric power projects.
(3) This category include environmentally sustainable forestry and fishery.

BREAKDOWN OF THE SOCIAL PORTFOLIO (MILLIONS OF EUROS)

Category	Dec 21	%	Dec-20
SME financing[1]	**1,204**	45%	1,250
Healthcare	**399**	15%	471
Affordable housing	**380**	14%	66
Education	**42**	2%	43
Socioeconomic advances and empowerment	**368**	14%	435
Affordable basic infrastructure[2]	**305**	11%	2
Total	**2,698**		**2,268**

(1) Loans with ICO guarantee by 1,000 million euro that corresponds to the social Covid-19 bond.
(2) This category includes transport and telecommunications infrastructures.

4. Green bonds

4.1. Identification of assets allocated to green issuances and their environmental impacts.

Green bonds issued by BBVA S.A.

Debt type	Issuing institution	Total (euros)	Issue date	Maturity date	ISIN
Senior Non-Preferred	Banco Bilbao Vizcaya Argentaria, S.A.	1,000,000,000	05/14/2018	14/05/2025	XS1820037270
Senior Non-Preferred	Banco Bilbao Vizcaya Argentaria, S.A.	1,000,000,000	06/21/2019	21/06/2026	XS2013745703
Additional Tier 1	Banco Bilbao Vizcaya Argentaria, S.A.	1,000,000,000	07/15/2020	PerpNC5	ES0813211028

Environmental impacts of assets allocated to the green bonds

Category	Total (Eur)	Impact (tons of CO_2eq avoided)	Electrical energy generated (MWh/year)	Total amount of wastewater treated (m^3/year)	Total amount of waste managed[3] (Tm/year)	SDG
RENEWABLE ENERGY						
Wind	1,054,657,590	1,164,842	6,201,245			
Wind (under development)[2]	84,908,005					
Solar	369,881,238	50,065	330,000			
Others[1]	99,810,040	106,230				
SUSTAINABLE TRANSPORT						
Sustainable transport	730,268,894	36,249				
Sustainable Transport (under development)[2]	53,887,620					
ENERGY EFFICIENCY						
Sustainable Buildings	323,762,554	1,217				
Efficient lighting	14,367,801	1,338				
WASTE AND WATER MANAGEMENT						
Water Management[3]	61,034,771			942,301		
Waste Management[4]	153,997,581				264,522	
OTHER						
Capture and storage of CO_2	88,511,241					
Infrastructure electric vehicles	345,530					
Total amount[5]	**3,035,432,864**	**1,359,940**	**6,531,246**	**942,301**	**264,522**	

(1) Two projects whose proceeds were used to finance in wind, solar, biomass and Mini-hydro. Tons of Co2 eq avoided of 100,746 corresponds to 83,431 wind, 10,995 solar and 6,320 Mini-hydro.

(2) Projects classified as wind and Sustainable Transport under development are expected to avoid 61,197 Tons of C02eq and 1,974 respectively. Likewise, wind project is forecast to generate electrical energy by 264.779 GWh/year.

(3) For water management projects, the following impacts have also been identified: Volume of treated water equivalent to the consumption of a population of 23,712 people, 16,418,390 m3 of supplied drinking water and 31,661 people with access to clean water.

(4) For waste management projects, the following impacts have also been identified: 594,426 tons per year of waste collected and 713,342 people benefited by the collection service.

(5) Only drawn amounts are considered and may be pledged as collateral in financing transactions unless are included in the use of proceeds of an outstanding GSS Bond or another GSS financial instrument.

The projects financed with BBVA's green bonds since 2018 have:

Avoided a total of
3,666,415
tons in CO_2eq
atmospheric emissions, equivalent to what
1,451,471
cars emit in one year[1].

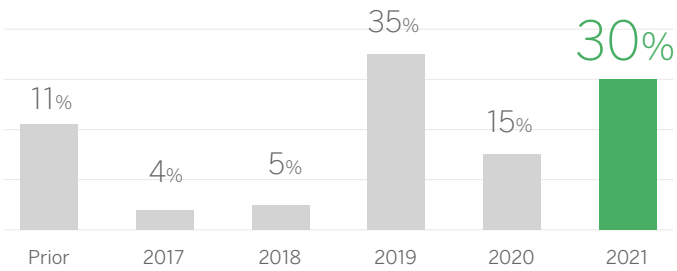
Treated a total volume of
20,047,371 m^3
of water, equivalent to the annual water consumption of
412,965[2]
Spanish citizens.

A total volume
of 906,864 tons
of waste has been treated, equivalent to the waste
2,051,729[3]
million people generate in one year.

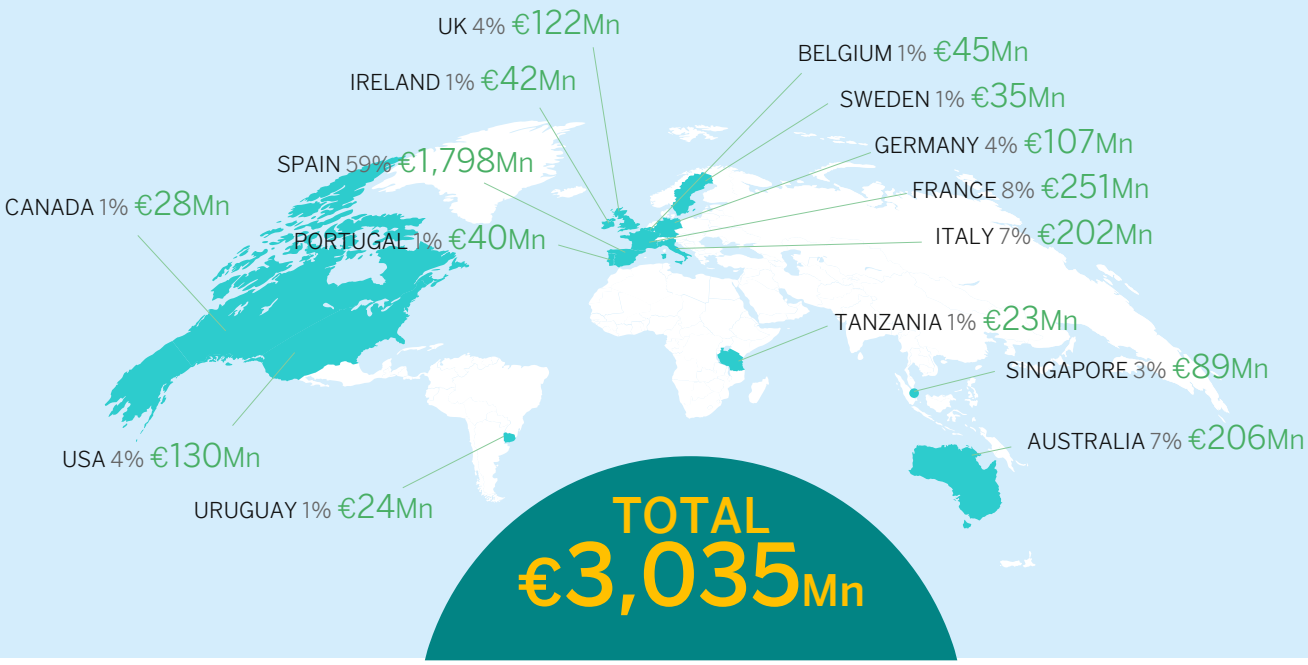
(1) Impact calculated based on a reference travel distance of 15,000 km per year by a typical diesel car.
(2) Impact calculated taking as a reference the per capita water consumption in Spain in 2018.
(3) Impact calculated taking into account per capita waste generation in Spain in 2021.

4.2. Distribution by geography and vintage of selected assets

of the identified loans were originated **in the period 2019-2021**



The following map shows the geographic distribution of the selected assets



4.3. Example of projects financed with green bonds

Meridiam formalized the world's first electric vehicle project finance with BBVA. Meridiam, through its subsidiary Allego, a leading operator in the electric vehicle charging business in Europe, has become the financial sponsor of the first project finance for electric vehicles in the world. The project consists of the development, operation and maintenance of a network of ultra-fast charging points for electric vehicles in Carrefour shopping centers in France, distributed throughout the territory. This network, which aims to develop over 200 charging stations with more than 2,000 connection points in total, will be fully powered by green energy and will be operational by 2023.

The project is part of the European Union's commitment to reduce carbon dioxide emissions by 55% by 2030, with road transport being one of the main causes of these emissions. Driven by these commitments and by technological progress, the electric vehicle market is experiencing a significant boost, alongside related markets such as battery factories and electric vehicle charging points.

4.4. Calculation methodology of the impacts linked to green bonds

The methodology used by BBVA to calculate the emissions avoided related thanks to the investment projects comprising the subject matter of contained in this report is based on internationally renowned standards and guidelines, ensuring that results are certified, reliable and verifiable. Specifically, the methodology is based on the generation of equivalent and comparable scenarios following the baseline scenarios proposed in standard ISO-14.062, and specifically on section 2: "Greenhouse Gases. Specification with guidance at the project level for quantification and reporting of greenhouse gas emission reductions and removal enhancements."

In the case of renewable energy projects, the avoided CO2 emissions where calculated by multiplying the renewable electricity injected into the local power grid by the CO2 emission factor of the national energy mix. CO2 emission factors of the energy mix used in each country were the following:

Country	Emission factor (ton CO_2/MWh)	Source
Bulgaria	0.325	International Energy Agency
France	0.168	International Energy Agency
Ireland	0.255	International Energy Agency
Italy	0.226	International Energy Agency
Poland	0.332	International Energy Agency
Portugal	0.217	International Energy Agency
Spain	0.14	Red Eléctrica de España
UK	0.231	International Energy Agency
United States (Wyoming)	0.892	US Energy Information Administration
Uruguay	0.109	International Energy Agency
Average EU-28	0.235	International Energy Agency

The renewable electric power generated by these projects was calculated based on the electric power generation estimates available during the due diligence of each investment project for the P90 value.

In the case of the mixed renewable power generation projects (with consumption of natural gas for producing electricity), emissions were calculated exactly as in the previous case, but deducting the emissions resulting from the combustion of natural gas from the avoided emissions. The emission and power mix factors considered were the same, while the emission factor used for natural gas was 0.252 ton CO2/MWh (official data of the Environmental Transition Ministry of Spain).

In the case of energy efficient building construction projects, energy savings were calculated as a result of the difference between the consumption of non-renewable primary energy of the building and the consumption of primary non-renewable energy of a building according to the national standard (net zero energy buildings, or nZEB). This power is multiplied by the CO2 emission factor of the national energy mix, stated in the table above. Transitorily, and for projects with completion date earlier than 31 December 2019 without LEED or BREEAM certification, the savings threshold was set for in the limit between energy certification levels A and B (as the national standard for nZEB had not been defined at that time). As for projects with completion date prior to 31 December 2019 certified according to LEED or BREEAM standards, energy savings were calculated as the difference between the building's consumption without the certification and the building's consumption with the certification. The amount saved was then multiplied by the emission factor of the domestic energy mix (TonCO2/MWh).

For sustainable transport projects, emissions were calculated as the direct difference of emissions between the 50 gCO2/p.km threshold (proposed by the Expert Group that collaborated in the drawing up of the Proposal for an EU Green Bond Standard and defined in document Technical Annex to the TEG final report on the EU Taxonomy) and the emissions generated by the investment project. The emission factors used for the investment projects are the ones defined by the European Environment Agency in its document entitled "Energy Efficiency and Specific CO2 Emissions" (Train: 28,39 gCO2/p.km).

As for projects entailing the upgrade and replacement of lighting systems with new technologies, the emissions are proportionally attributed to the energy savings generated by the new lighting compared to the replaced one, by the national electricity factor.

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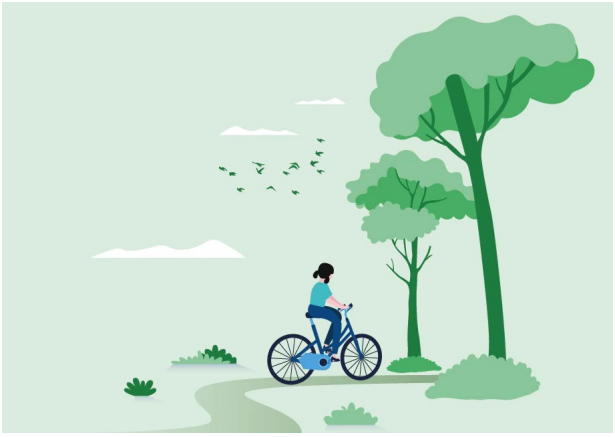

For waste management projects, the amounts assigned to the collection and valuation thereof, as well as the population served, were estimated applying a specific ratio for each project and indicator, this ratio being based on each project's economic-operating variables. The information used was extracted from their year-end annual account reports and information disseminated through the official pages of the public bodies responsible for awarding the respective service contracts.

In the case of projects and activities related to the sustainable management of water resources, the total amount of wastewater treated, the equivalent population, the volume of drinking water supplied and the number of people with access to drinking water was estimated applying a specific ratio for each project and indicator, being this ratio being built based on each project's economic-operating variables. Specifically, the metric of the volume of drinking water supplied was estimated taking into account the average consumption of the communities within the aquifer service area (obtained in all cases from official sources of statistics).

The timeframe for the calculation of the impacts of the chosen projects was January 1 through December 31, 2021, taking into account the month in which the loans originated in 2021 were formalized.

The calculation methodology applied by BBVA for the calculation of environmental impacts of this report was has been developed by an independent advisor (Ecodes), which guarantees its impartiality and the use of objective and comparable sources of information.

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5. Social bonds

5.1. Identification of assets allocated assigned to social issuances bonds[1] and their lined social impacts

Social bonds issued by BBVA S.A.

Debt type	Issuing institution	Total (euros)	Issue date	Maturity date	ISIN
Senior Preferred[1]	Banco Bilbao Vizcaya Argentaria, S.A.	1,000,000,000	04/06/2020	04/06/2025	XS2182404298
Senior Preferred	Banco Bilbao Vizcaya Argentaria, S.A	1,000,000,000	09/09/2021	09/09/2023	XS2384578824

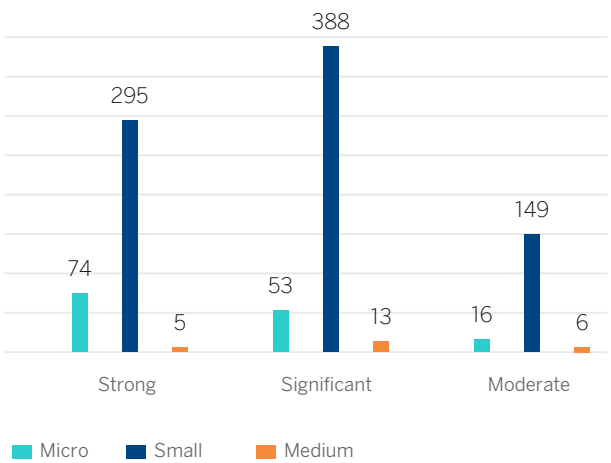
(1) The €1 billion bond corresponds to the social COVID-19 bond. Asset selection is prioritized based on their contribution to mitigate the impact of COVID-19

SOCIAL IMPACTS OF ASSETS ALLOCATED TO ISSUED SOCIAL BONDS

Social impact of assets allocated to issued covid-19 social bonds

The funds received from the issuance of the social bonds amounting to 1,000 millions euros have been allocated mainly to micro and small businesses. Up to 13,275 companies with a total of 214,497 employees have benefited from identified loans.

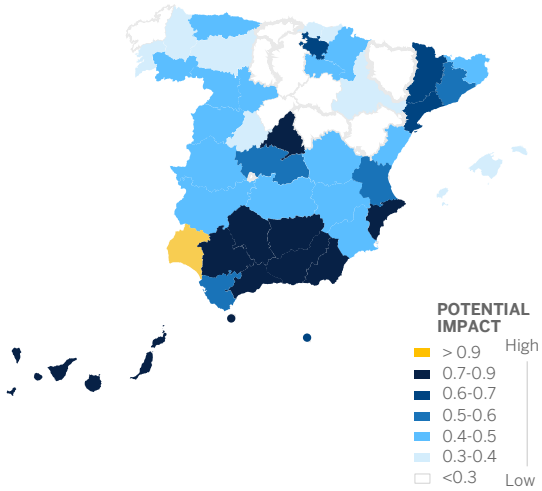
TOTAL AMOUNT BY COMPANY SIZE AND SECTORAL IMPACT(Euro Million)



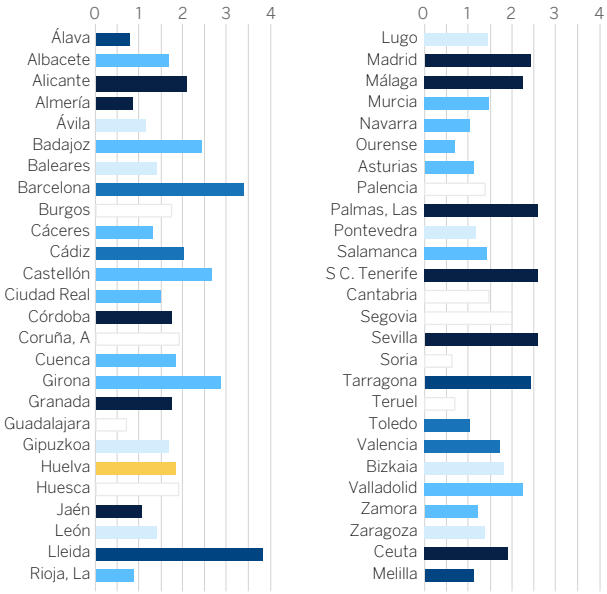
	Euros
Strong	**373,884,270**
Micro	73,877,692
Small	294,515,019
Medium	5,491,559
Significant	**453,992,423**
Micro	52,538,577
Small	388,086,080
Medium	13,367,766
Moderated	**172,139,820**
Micro	16,324,329
Small	149,446,801
Medium	6,368,691

By sectorial and territorial impact, 83% of the total amount has been allocated to companies in sectors that have had a strong or significant impact due to COVID-19, while 47% has been assigned to companies located in areas with greater potential for social impact (potential social impact index (IPSI> 0.6).

POTENTIAL SOCIAL IMPACT INDEX
(PSII)



AMOUNT / 100,000 INHABITANTS
(MILLIONS OF EUROS)

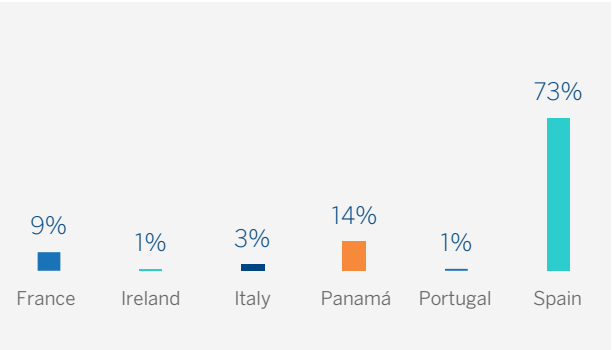


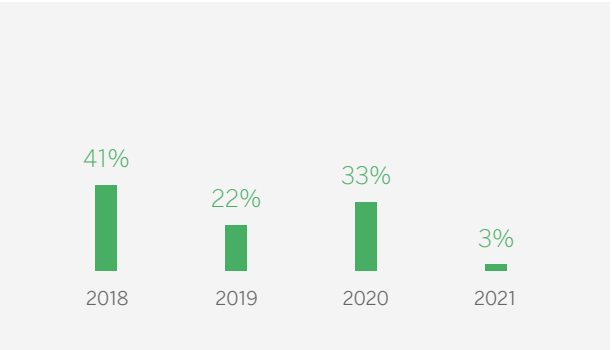
Social impact of assets allocated to issued second social bond

Social Bond Principles Category	Sub-category	Use of proceeds (Euros)	Indicator	Amount	ODS
Access to essential services	Healthcare	357,888,622	Number of beds in hospitals and clinics	1,044	
			Number of beds in elder residences	184	
			Potential beneficiaries covered by the infrastructure or service	2,159,014	
	Education	16,395,095	Number of students served	53,815	
	Financial services	136,584,288			
Affordable housing		6,062,598	Families with social housing	31	
Socioeconomic advancement and empowerment	Financing for vulnerable or low income populations	367,661,618	Potential beneficiaries covered by the social benefit	762,787	
Affordable basic infrastructure	Broadband communications	115,417,906	Number of premises connected to broadband	200,206	
			Potential beneficiaries covered by the infrastructure	814,580	
			Number of households connected to broadband	303,275	
			Number of enterprises connected to broadband	4,975	
Total drawn amount[1]		**1,000,010,127**			

(1) Only drawn amounts are considered and may be pledged as collateral in financing transactions unless are included in the use of proceeds of an oustanding GSS Bond or another GSS financial instrument

Distribution by geography and vintage of selected assets:





5.2. Calculation methodology of the impacts linked to social bonds

Both the eligibility criteria and the procedure for analyzing projects financed under BBVA's social bond issues are defined and described in this section.

First, in order to measure the social impact generated by funding provided to micro enterprises and small and medium businesses with the goal of enhancing socioeconomic advancement and empowerment as outlined in the Social Bond Principles[1], it is necessary to establish criteria that allow establishing which types of companies have the greatest potential for social impact associated with the funds granted.

These criteria are applied consecutively to act as a filter that generates a selected pool of companies that allow for the maximization of the social impact of the funds considered in the portfolio.

All of this is based on the premise that the direct social impact on large companies is less than the direct social impact on micro, small and medium-sized companies.

The reason for this is that large companies and corporations do not necessarily see their viability compromised whether they have said funds or not, while for many of the micro, small and medium-sized companies, receiving the funds contribute directly to their continuity or payment commitments with employees and suppliers.

Thus, when prioritizing the pool of companies, SMEs are considered to have a greater potential for social impact derived from the use of the funds they receive.

As a consequence of this first selection criterion, the applied social impact calculation model starts from the first phase of exclusion, which leaves large companies out of the measurement phase.

For this, all operations with companies with an annual turnover greater than €50 million euros and/or with a number of employees greater than 250 are excluded. As a result, the companies included in the analysis correspond to the following categories:

Company category	Employees	Anual Turnover (Mn euros)	Total Balance (Mn euros)
Medium	< 250	≤ 50	≤ 43
Small	< 50	≤ 10	≤ 10
Micro	< 10	≤ 2	≤ 2

Source: https://ec.europa.eu/growth/smes/sme-definition_en

(1) Social Bond Principles Voluntary Process Guidelines for Issuing Social Bonds Principles June 2021 (with June 2022 Appendix 1)

Additionally, since from a social point of view the impact that the funds of companies with reported sales of less than €25,000 per year would be considered irrelevant in a set that analyzes a funding pool of over 1,000 million euros, they have also been excluded in this first phase, and are therefore not part of the group of companies used to obtain the reported social impact indicators.

Once the study population has been reduced to SMEs with annual billings of more than €25,000, a selection process is carried out using ordering criteria.

The method used to maximize the potential social impact is based on the sequential application of selection criteria, which has been considered in this order:

1. The size of the company receiving funding (micro, small or medium);
2. The number of workers employed by the host company;
3. The company's activity sector (based on the impact derived from the COVID-19 crisis; and
4. The location of the company (based on the potential for territorial social impact).

This sequential ordering system allows companies to be ordered so that the one with the greatest potential for social impact meets the following characteristics:

- It is a micro company
- With as many workers as possible
- From the CNAE (National Classification of Economic Activities) with the greatest impact due to the pandemic
- In a territory with the highest potential index of social impact.

Being micro, small, or medium, is determined by the volume of turnover and the number of workers that are employed.

The impact associated with the CNAE is a categorical variable with three levels (strong, significant and moderate). The source used in this case was the "DBK Report (CESCE Group) COVID-19: Impact on the Main Sectors of the Spanish Economy" and other official resources related to said report.

The potential social impact index (PSII) for potential territorial social impact (IPSI) is a synthetic index that assesses the social reality of each province based on the most representative welfare and equality indicators, together with the potential to retain and amplify the impact associated with a European regional competitiveness index. The PSII reflects the direct impact and the potential for retention and amplification of the effects of the use of resources in a single indicator.

Welfare and equality indicators have been calculated through a linear combination of the following variables by area:

- Socio-economic (relative poverty, unemployment, and income)
- Demography (aging and immigration)
- Health
- Education and equality

By using the AHP method (Analytical Hierarchy Process) the variables are weighed to assign them the final score in the index, a process undertaken by a nominal group of relevant experts, including sociologists and economists.

As a result of said index associated with each province, a numerical value is obtained for each province, which has been used in the ordering process.

However, for reporting purposes, three levels of potential social impact have been generated (high, moderate and low) related to said values and that allow segmenting the selected companies to obtain a broad view of the distribution by territories according to their potential social impact.

Once all the selected companies have been ordered according to the criteria of the first phase (all except those excluded), the potential social impact is determined by the descriptive analysis of the companies that end up added to the accumulated amount granted, thus guaranteeing a maximum potential for social impact.

For social bond proceeds in other categories including access to essential services such as healthcare, education, and financial services, as well as affordable housing and affordable basic infrastructure, including access to broadband technologies, efforts were made to align the reporting metrics selected with the recommendations contained in the Social Bond Principles. As such, a preliminary process was conducted to identify an initial wide range of indicators that measure outputs, outcomes and longer-range impacts associated with each social funding category. This initial list also included the identification of specific target populations affected by the funded projects, included people living in areas with high risk of poverty and social exclusion and those living in depopulated rural areas. This initial scoping exercise was followed by an exhaustive desk research process to identify possible data sources that would provide evidence for the generation of the social impacts detailed in the initial list of indicators. Once completed, the final list of indicators selected for the present report were adapted to conform to the availability of corroborating data and information, which in most cases substantially limited the range of indicators reported as well as additional information provided on the impacts achieved among specific at-risk target groups. The final list of social indicators reported are listed in the next table.

Social Bond Principles Category	Sub-category	Indicator	Indicator Type	Indicator Definition	Data Source
 Access to essential services	Healthcare	Number of beds in hospitals and clinics	Output	Existing number of beds reported by the hospitals and healthcare centers financed with loans included in the social bond	Official documents published by the hospital or healthcare center
		Number of beds in elder residences	Output	Existing number of beds reported by the elder residences financed with loans included in the social bond	Official company documents published by the owners of the facilities
		Number of potential beneficiaries covered by the infrastructure or service	Output	Estimated number of people that may benefit from the hospitals and healthcare centers financed by the loans included in the Social Bond, calculated in terms of the residents in the catchment areas of the hospitals and healthcare centers defined as the municipality in which they are located	Population data from the National Institute of Statistics (INE) of Spain
	Education	Number of students served	Output	Total number of students enrolled in the educational centers receiving loans allocated to the Social Bond	Reports from the educational centers
 Affordable housing	Social housing for families in areas with high levels of poverty and at risk of social exclusion	Number of families receiving social housing	Output	Families with Access to social housing as reported in the Sustainable Finance Allocation reporting released by the client	Sustainable Finance Allocation reporting released by the client
 Socioeconomic advancement and empowerment	Financing for vulnerable or low income populations	Number of potential beneficiaries covered by the social benefit	Output	Number of individuals or families benefiting from social benefits as reported in the Sustainable Finance Allocation reporting released by the client	Sustainable Finance Allocation reporting released by the client
 Affordable basic infrastructure	Broadband communications	Number of premises connected to broadband	Output	Estimated number of premises connected to high-speed broadband technology as reported by the company deploying the infrastructure	Project Due Diligence Documents
		Number of households connected to broadband	Output	Estimated number of households connected to high-speed broadband technology as reported by the company deploying the infrastructure	Project Due Diligence Documents
		Number of potential beneficiaries covered by the infrastructure	Output	Estimated number of people that may benefit from the household broadband connections calculated based on the average household size in the countries in which the project is located. The final estimate is based on multiplying the number of household connections by the average household size	Data on average household size by country obtained from Eurostat.
		Number of enterprises connected to broadband	Output	Estimated number of enterprises connected to high-speed broadband technology as reported by the company deploying the infrastructure	Project Due Diligence Documents

The indicators selected and reported can be used as proxies for the associated impact and allow the report reader to ascertain the magnitude and direction (positive) of the social changes linked to the social bond proceeds. Due care was used to assure that the data used to document these indicators is published in official company documents and complemented in certain cases with data from official sources such as the OECD or Eurostat. For future reports, efforts will be undertaken to improve the quality of the social indicators reported to detail specific changes (impacts) attributable to the social bond proceeds as well as highlight, where appropriate, the ways the funding is benefitting specific underserved or at-risk populations of groups.

Once the social impacts attributable to the company or project receiving funding through the Social Bond proceeds was established, it was necessary to determine the proportional part of these impacts that can be attributed to the financing granted by BBVA. For this, it was necessary to establish an economic reference value to allow us to determine the total amount of economic inputs that were necessary to generate the social outputs (and impacts) that were measured. For loans to companies operating in the healthcare and educational sectors, Non-Current Assets as reported in the audited financial statements was used as the economic reference value. For projects in the telecommunications sector, the total amount of capital expenditure as reported in the due diligence documents was used as the economic reference value. Once established, the amount of funding granted by BBVA to each project or company was divided by the economic reference value to establish an attribution percentage which measures the proportion of the total funding granted in relation to the total amount of the economic reference value (the amount necessary to generate the total social impacts measured). This is referred to here as the attribution level. Finally, in order to obtain the social impacts attributable to the social bond proceeds, the total amount of social impacts measured (e.g. total number of beds in hospitals and healthcare centers) was multiplied by the attribution level to obtain the units of social impacts assigned to the social bond issued by BBVA.

The analysis methodologies used by BBVA to calculate the social impacts of this report was developed and overseen by an independent advisor (Ecodes), which guarantees its impartiality and the use of objective and verifiable sources of information.

Banco Bilbao Vizcaya Argentaria, S.A.

Independent Limited Assurance Report
"BBVA 2021 green and social bonds report"
31 December 2021

Independent limited assurance report on the "BBVA 2021 green and social bonds report"

To the management of Banco Bilbao Vizcaya Argentaria, S.A.

We have undertaken a limited assurance engagement in respect of the information related to (re)financed assets of the Green Bonds of 2018, 2019, and 2020 (ISIN XS2013745703, ISIN XS1820037270 and ISIN ES0813211028), the Covid-19 Social Bond of 2020 (ISIN XS2182404298) and the Social Bond of 2021 (ISIN XS2384578824), all issued by Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter, the Bonds), contained in the "BBVA 2021 green and social bonds report" of Banco Bilbao Vizcaya Argentaria S.A. (the Parent company) and its subsidiaries (hereinafter, BBVA) for the year ended 31 December 2021, and prepared in accordance with the "Sustainable Development Goals (SDGs) Bond Framework" document dated on April 2018, available in the web page https://shareholdersandinvestors.bbva.com/debt-investors/issuances-programs/sustainability-bonds/ (hereinafter, "the Framework").

The aspects of the information subject of our review are the following:

- The allocation of the funds obtained through the Bonds to the assets or projects refinanced by it and that the capital invested in the refinanced assets or projects is attributable to the Bonds.

- The verification that the impact indicators included in the tables "Environmental impacts of assets allocated to the green bonds" and "Social impacts of assets allocated to issued social bonds" are prepared in accordance with their calculation methodology, defined in the mentioned "BBVA 2021 green and social bonds report".

Responsibility of management

Management of BBVA is responsible for the preparation, content, and presentation of the "BBVA 2021 green and social bonds report", in accordance with the criteria included in the Framework in which the allocation of funds and the impact indicators are described. Management's responsibility includes the design, implementation, and maintenance of the internal control relevant to the preparation of the "BBVA 2021 green and social bonds report" is free from any material misstatement due to fraud or error.

Management of BBVA is also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the mentioned "BBVA 2021 green and social bonds report", is obtained.

Our Independence and Quality Control

We have complied with the independence requirements and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standard Board for Accountants (IESBA Code) which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

R. M. Madrid, hoja 87.250-1, folio 75, tomo 9.267, libro 8.054, sección 3ª
Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79 031290

Our firm applies the International Standard on Quality Control 1 (ISQC 1) and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Our responsibility

Our responsibility is to issue a limited assurance report based on the procedures that we have carried out and the evidence obtained. Our limited assurance engagement has been carried out in accordance with the International Standard on Assurance Engagements 3000 (Reviewed) "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

In a limited assurance engagement, the procedures performed vary in terms of their nature and timing of execution and are less extensive than those carried out in a reasonable assurance engagement. Accordingly, the assurance obtained is substantially lower.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes, inspection of documents, and random sampling test.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Carried out meetings with BBVA's personnel from various departments who have been involved in the preparation of the "BBVA 2021 green and social bonds report".
- Analyzed the procedures used for gathering and validating the information and data presented in the impact indicators included in the "BBVA 2021 green and social bonds report".
- Verified that the investments undertaken by BBVA in the projects refinanced have been made in accordance with the Framework criteria.
- Verified through random sampling tests revisions and substantive tests of the information related to impact indicators included in the tables "Environmental impacts of assets allocated to the green bonds" and "Social impacts of assets allocated to issued social bonds". We also verified whether they have been appropriately compiled from the data provided by BBVA´s sources of information.
- Obtained a representation letter from the management of BBVA.

Limited assurance conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that:

- the funds obtained through the green and social Bonds have not been assigned to the assets or projects refinanced by them and that the capital invested in the refinanced assets or projects is not attributable to the green and social Bonds,
- the impact indicators included in the tables "Environmental impacts of assets allocated to the green bonds" and "Social impacts of assets allocated to issued social bonds" contain significant errors or have not been prepared, in all their significant matters, in accordance with the Framework in the "BBVA 2021 green and social bonds report" in relation to its calculation methodology.

Use and distribution

Our report is only issued to the management of BBVA, in accordance with the terms and conditions of our engagement letter. We do not assume any liability to third parties other than BBVA's management.

PricewaterhouseCoopers Auditores, S.L.

Pablo Bascones Ilundáin

28th July 2022

BBVA

Creating Opportunities