

BBVA 2020 **green and social bond** REPORT



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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 The UN Sustainable Development Goals (SDGs). A few days later, it issued its first green bond by €1 billion in a Senior non Preferred format. 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). According to Dealogic, BBVA is the world's eighth most active bank (2018-2020), Europe's fourth and Spain's first.



Sustainability is a key part of BBVA's strategy. In 2019 "helping customers to transition to a sustainable world" was defined as a strategic priority within its broader corporate purpose of bringing the age of opportunity to everyone. The execution of this strategic priority is monitored by means of a series of KPIs, including maximizing the origination of sustainable financing, with the goal of originating up to €100 billion between 2018 and 2025.

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. Overview of BBVA's Sustainable Development Goals bond framework

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 categories¹



Energy efficiency



Sustainable transportation



Water



Waste management



Renewable energy

Eligible social categories¹



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.

Activities excluded under the SDG framework



Nuclear power generation



Large-scale dams (more than 20 MW)



Defense



Mining



Coal-related



Oil and Gas



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

As of December 2020, BBVA's total green eligible portfolio amounted to €4,009 million, after growing 44% since 2019. The sectors showing higher growth were energy efficiency, sustainable transport and waste management.

As for its social portfolio, the bank's eligible portfolio stood at €2,268 million. 60% of the identified loans were originated in 2020 and 21% in 2019. In 2020, BBVA issued a €1 billion COVID social bond and €40 million in a private placement.

BREAKDOWN OF THE GREEN PORTFOLIO (EURO MILLION)

Category	Dec-20	%	Dec-19	Dec-18
Energy Efficiency	851	21	468	-
Green buildings	829		468	-
Other ¹	22		-	
Renewable Energy	1,611	40	1,422	863
Wind	1,162		783	700
Solar	429		491	155
Other ²	20		148	9
Water management	107	3	79	-
Waste management	405	10	184	-
Sustainable transport	1,035	26	630	225
Total	4,009	100	2,782	1,088

(1) It includes loans related to lighting

(2) It 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.

BREAKDOWN OF THE SOCIAL PORTFOLIO (EURO MILLION)

Category	Dec-20	%
SME financing¹	1,250	55
Healthcare	471	21
Social inclusion	433	19
Affordable housing	66	3
Education	43	2
Economic inclusion	2	0
Other²	2	0
Total	2,268	100

(1) Loans with ICO and MIGA guarantee to mitigate Covid-19 impact

(2) Includes transport and telecommunications infrastructures.



4. Green bonds

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

Green bonds issued and guaranteed 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	05/14/2025	XS1820037270
Senior Preferred	BBVA Global Markets B.V.	35,000,000	02/05/2019	02/19/2025	ES0205067426
Senior Non-Preferred	Banco Bilbao Vizcaya Argentaria, S.A.	1,000,000,000	06/21/2019	06/21/2026	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 ₂ eq avoided)	Electrical energy generated (GWh/year)	Total amount		SDG
				of wastewater treated (m ³ /year)	of waste managed ⁽³⁾ (Tm/year)	
Energy Efficiency	401,146,681	2,171	-	-	-	<div> <div>3</div> <div>7</div> <div>9</div> <div>11</div> <div>12</div> <div>13</div> </div>
Sustainable buildings	379,638,199	858	-	-	-	
Efficient lighting	21,508,482	1,313	-	-	-	
Renewable Energy	1,496,598,507	1,175,673	5,703	-	-	<div> <div>3</div> <div>7</div> <div>9</div> <div>12</div> <div>13</div> </div>
Solar	373,625,765	54,956	439			
Wind	1,122,972,742	1,120,717	5,264			
Water management ⁽¹⁾	103,782,582	-		12,141,005	-	<div> <div>3</div> <div>9</div> <div>11</div> <div>12</div> <div>13</div> </div>
Waste Management ⁽²⁾	240,809,265	-		-	349,828	
Sustainable Transport	821,007,262	130,015		-	-	
Total 2020	3,063,344,296	1,307,860	5,703	12,141,005	349,828	
Cumulative total 2018-2020		2,306,475	8,561	19,105,070	642,342	

(1) For water management projects, the following impacts have also been identified: Volume of treated water equivalent to the consumption of a population of 231,862 people, 18,473,683 m3 of supplied drinking water and 168,738 people with access to clean water.

(2) For waste management projects, the following impacts have also been identified: 921,623 tons per year of waste collected and 875,171 people benefited by the collection service.

(3) Emissions avoided by the power line project have not been included due to the lack of data to perform the calculation.

(4) It refers to reclaimed waste.

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

Avoided a total of
2,306,475
tons in CO₂eq
atmospheric emissions,
equivalent to what
912,877
cars emit in one year ⁽¹⁾

Treated a total volume of
19,105,070 m³
of water, equivalent
to the annual water
consumption of
393,554 ⁽²⁾
people

A total volume of
642,342 tons
of waste has been treated,
equivalent to the waste
1,321,963 ⁽³⁾
generated by
people in 2018

(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 2018.



4.2. Main features of the selected green loans

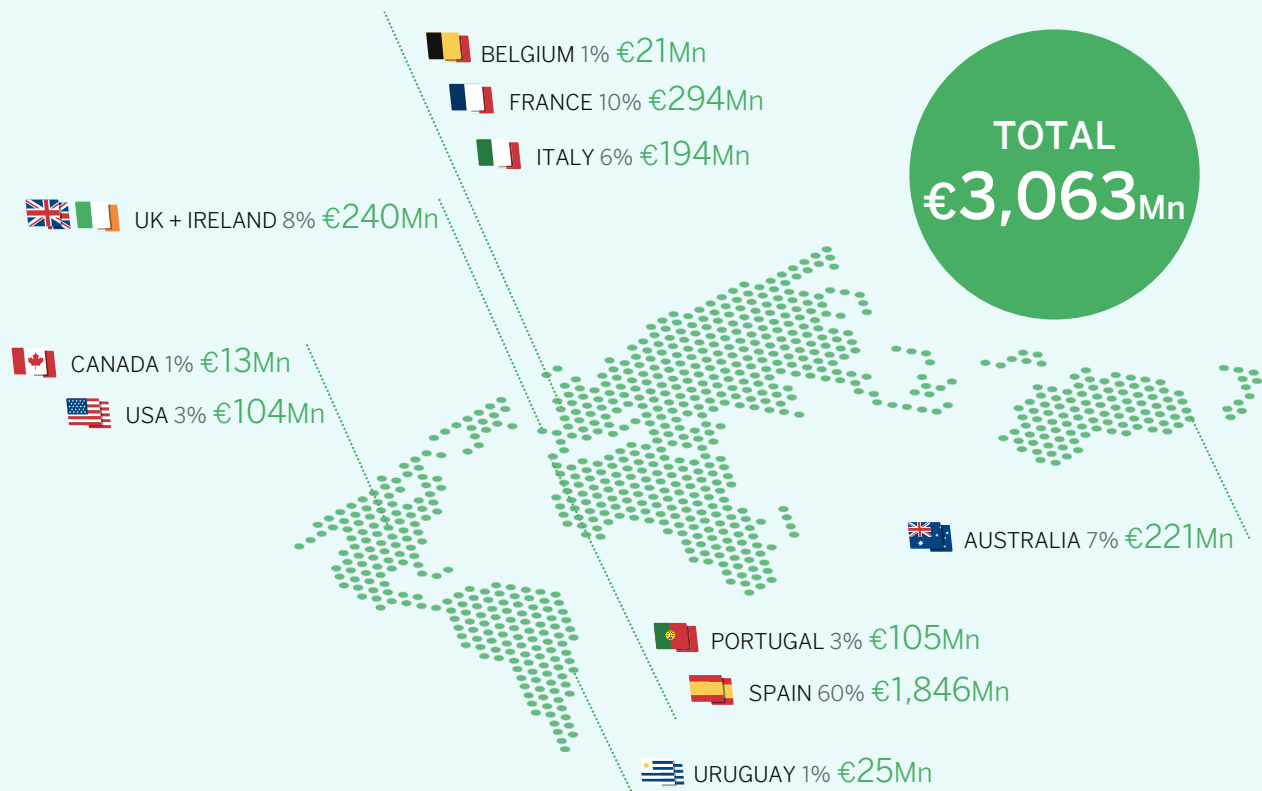


of the identified loans
were originated **in the
past two years**



of the volume are **financed assets** and the
remainder to assets whose original conditions
have been modified

The following map shows the geographic spread of the selected assets



4.3. Example of projects financed with green bonds

BBVA signed a long-term loan with Copenhagen Infrastructure Partners (CIP) to finance its investment in the Monegros portfolio, comprising 12 wind farms located in the Autonomous Community of Aragon, Spain.

The investment is one of the largest transactions in renewable energies in Europe and the largest

energy agreement backed with electricity purchase contracts in Spain and Portugal to date. The 487 MW project will be able to generate close to 1.5 TWh of renewable power per year, enough to cover the needs of 430,000 Spanish households.



4.4. Calculation methodology of the impacts linked to green bonds

The methodology used by BBVA to calculate the emissions avoided to the investment projects 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 were 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
Spain	0.144	Red Eléctrica de España
Scotland	0.235	International Energy Agency
Italy	0.229	International Energy Agency
Portugal	0.251	International Energy Agency
Uruguay	0.112	International Energy Agency
United States (Nebraska)	0.633	US Energy Information Administration
United States (Wyoming)	0.928	US Energy Information Administration
Ireland	0.268	International Energy Agency
Belgium	0.190	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 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 long as a specific factor is not available from the project or by the Company.

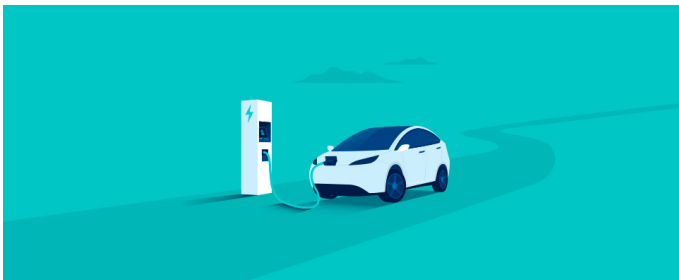
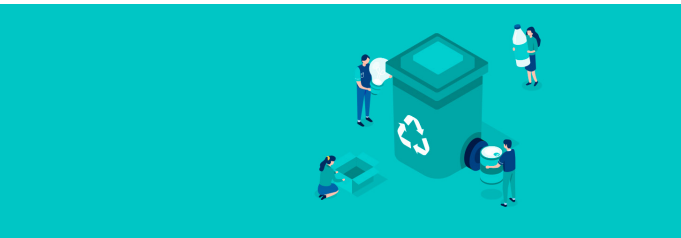
For power transmission line projects for the evacuation of output from renewable facilities, the transported energy is considered to replace the net power injected into the electric grid, in a way such that the line is considered as another part of the property that contributes to curtailing emissions. Emissions were exclusively assigned to the financed amount, in this case, the transmission line.

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.



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 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, this ratio being 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, 2020, taking into account the month in which the loans originated in 2020 were formalized.

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



5. Social bonds

5.1. Identification of assets allocated to social issuances⁽¹⁾ and their social impacts

Social bonds issued and guaranteed by BBVA S.A.

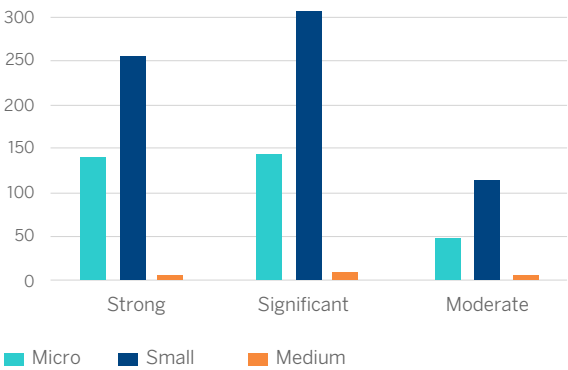
Debt type	Issuing institution	Total (euros)	Issue date	Maturity date	ISIN
Senior Preferred ¹	Banco Bilbao Vizcaya Argentaria, S.A.	1,000,000,000	06/04/2020	06/04/2025	XS2182404298
Senior Preferred	BBVA Global Markets B.V.	40,000,000	04/08/2020	04/09/2022	ES0305067C43

(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 impact of assets allocated to issued social bonds

The funds received from the issuance of the social bonds amounting to 1,040 million euros have been allocated mainly to micro and small businesses. Up to 15,175 companies with a total of 207,628 employees have benefited from identified loans.

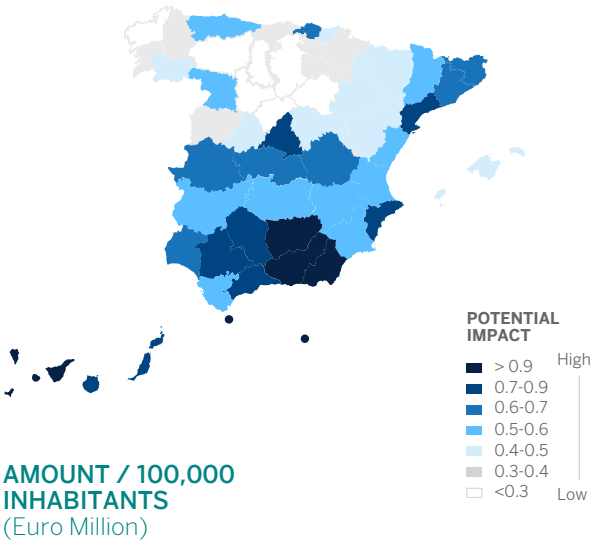
TOTAL AMOUNT BY COMPANY SIZE AND SECTORAL IMPACT(Euro Million)



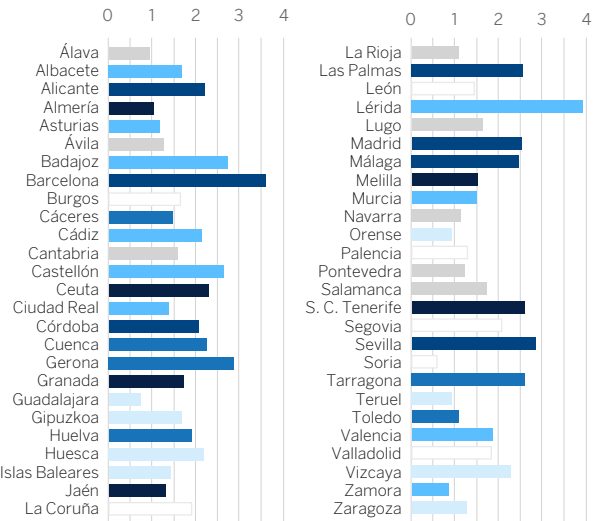
By sectorial and territorial impact, 83% of the total amount has been allocated to companies in sectors that have had a strong or significant impact¹ due to COVID-19, while 69% has been assigned to companies located in areas with greater potential for social impact (potential social impact index (PSII> 0.6).

(1) Sector classification based on COVID-19 impact (Source: DBK Informa report).

POTENTIAL SOCIAL IMPACT INDEX (PSII)



AMOUNT / 100,000 INHABITANTS (Euro Million)



Other additional social impacts

In addition to the identified loans amounting to €1,040 million, BBVA has granted funds totaling \$150 million to Panama's state bank Caja de Ahorros to help them cope with the impact of the economic crisis resulting from the pandemic. The funds will be used to provide liquidity to companies and SMEs struggling due to COVID-19, through lines of working capital, helping them play a key role in restarting the economy through job creation in hardest-hit sectors. The loan was also backed by the Multilateral Investment Guarantee Agency (MIGA), part of the World Bank, under its fast-track facility (MIGA COVID-19 Response Program), to attract international private capital investments.



Within the context of the first line of financing, nearly 200 business loans, mainly SMEs, have been originated across the different regions of the country. Loan recipients include companies from across the majority of the country's economic spectrum, and particularly the construction, services, manufacturing, financial, retail, and agricultural sectors. The average turnover of the beneficiaries is \$1.3 million, and while approximately 85% of these companies have less than 20 workers.

The goal of these loans is to underpin the resilience of the companies and SMEs in an environment where the activity in the world's trade and tourism sectors has been dramatically affected by the pandemic.

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.

In order to measure social impact, 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 in order to act as a filter that allows the pool of companies to maximize the social impact of the funds considered in the project.

All of this is based on the premise that the direct social impact of large companies is less than the direct social impact in 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, these amounts contribute to their continuity or payment commitments with employees and suppliers.

Along these lines, when prioritizing, 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 criterion, the applied social impact calculation model starts from the first phase of exclusion, which leaves large companies out of the management 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	Annual Turnover (Mn euros)	Balance sheet total (Mn euros)
Medium	< 250	≤ 50	≤ 43
Small	< 50	≤ 10	≤ 10
Micro	< 10	≤ 2	≤ 2

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

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 1,040 million projects, they have also been excluded in this first phase, and are therefore not part of the group of companies used to obtain 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 management 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) 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 were weighed to assign them the final weight in the index which was undertaken by a nominal group of experts, 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, the 1,040 million of the project, thus guaranteeing a maximum potential for social impact.

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



6. Independent review report



Banco Bilbao Vizcaya Argentaria, S.A.

Independent Limited Assurance Report of the BBVA 2020
green and social bond report



This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent limited assurance report of the BBVA 2020 green and social bond report

To the Management of Banco Bilbao Vizcaya Argentaria, S.A.:

We have carried out our work to provide a limited assurance on the information related to (re)financed assets of the Green Bonds of 2018, 2019 and 2020 (ISIN XS2013745703, ISIN XS1820037270 and ISIN ES0813211028) issued by Banco Bilbao Vizcaya Argentaria, S.A., the structured Green Bond of 2019 (ISIN ES0205067426) guaranteed by Banco Bilbao Vizcaya Argentaria, S.A., the Social Bond of 2020 (ES0305067C43) guaranteed by Banco Bilbao Vizcaya Argentaria, S.A. and the Covid-19 Social Bond of 2020 (ISIN XS2182404298) issued by Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter, the Bonds), contained in the "BBVA 2020 green and social bond report" of Banco Bilbao Vizcaya Argentaria S.A. (the Parent company) and its subsidiaries (hereinafter, BBVA) for the year ended 31 December 2020, 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 2020 green and social bond report".

Responsibility of Management

Management of BBVA is responsible for the preparation, content and presentation of the "BBVA 2020 green and social bond report", in accordance with the requirements included in the Framework in which the allocation of funds and the impact indicators are described. Management's responsibility includes establishing, implementing and maintaining the internal control required to ensure that the information included in the "BBVA 2020 green and social bond 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 2020 green and social bond report", is obtained.

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Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79 031290



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 was done 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).

The scope of a limited assurance engagement is substantially less extensive than the scope of a reasonable assurance engagement and thus, less security is provided.

The procedures that we have carried out are based on our professional judgment and have included consultations, observation of processes, document inspection, analytical procedures and random sampling test. The general procedures employed are described below:

- Meetings with BBVA's personnel from various departments who have been involved in the preparation of the "BBVA 2020 green and social bond report".
- Analysis of the procedures used for gathering and validating the information and data presented in the impact indicators included in the "BBVA 2020 green and social bond report".
- Verification that the investments undertaken by BBVA in the projects refinanced have been made in accordance with the Framework criteria.
- Verification 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 have also verified whether they have been appropriately compiled from the data provided by BBVA's sources of information.
- Obtainment of a management representation letter from the Company.

Our Independence and Quality Control

We have fulfilled our work in accordance with the independence requirements and other ethical requirements of the Code of Ethics for Professional Accountants of the International Ethics Standard Board for Accountants (IESBA), which are based on basic principles of integrity, objectivity, professional competence and diligence, confidentiality and professional conduct.

Our firm applies the International Standard on Quality Control 1 (ISQC 1) and thus employs an exhaustive quality control system which includes documented policies and procedures on the compliance of ethical requirements, professional standards, statutory laws and applicable regulations.



Conclusion of limited assurance

As a result of the procedures carried out and the evidence obtained, no matters have come to our attention which may lead 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 aspects, in accordance with what is indicated in the Framework in the “BBVA 2020 green and social bond 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.

Original in Spanish signed by
Pablo Bascones Ilundáin

2 July 2021

BBVA

Creating Opportunities

