BBVA’s Inaugural Social COVID-19 Bond

May 2020
Disclaimer

This document is only provided for information purposes and does not constitute, nor should it be interpreted as, an offer to sell or exchange or acquire, or an invitation for offers to buy securities issued by Banco Bilbao Vizcaya Argentaria, S.A. (BBVA). Any decision to buy or invest in securities in relation to a specific issue must be made solely and exclusively on the basis of the information set out in the Offering Circular dated 2 July 2019, as supplemented from time to time (the Offering Circular). No one who becomes aware of the information contained in this report should regard it as definitive, because it is subject to changes and modifications. Prospective investors are required to make their own independent investigations and appraisals of the business and financial condition of BBVA and the nature of any securities before taking any investment decision with respect to securities of BBVA.

This document and its contents are confidential and may not be reproduced, redistributed, published or passed on to any other person, directly or indirectly, in whole or in part, for any purpose and should not be treated as offering material of any sort. If this document has been received in error it must be returned immediately to BBVA. This document is not directed at, or intended for distribution to or use by, any person or entity that is a citizen or resident of, or located in, any locality, state, country or other jurisdiction where such distribution or use would be contrary to law or regulation or which would require any registration, licensing or other action to be taken within such jurisdiction.

This document and the information contained herein are not an offer of securities for sale in the United States or in any other jurisdiction where it is unlawful to do so. No action has been or will be taken by BBVA in any country or jurisdiction that would, or is intended to, permit a public offering of securities in any country or jurisdiction where action for that purpose is required. In particular, no securities have been or will be registered under the U.S. Securities Act of 1933, as amended (the Securities Act) or with any securities regulatory authority of any state or other jurisdiction of the United States and securities may not be offered, sold or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws and may only be sold outside of the United States in reliance on Regulation S under the Securities Act and otherwise in compliance with all applicable laws and regulations in each country or jurisdiction in which any such offer, sale or delivery of securities is made. BBVA does not intend to register or to conduct a public offering of any securities in the United States or any other jurisdiction. This document and its contents may not be viewed by persons within the United States (within the meaning of Regulation S under the Securities Act).

This document is directed solely at (i) persons who are outside the United Kingdom, (ii) persons in the United Kingdom who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 as amended (the Order), (iii) high net worth entities, and other persons in the United Kingdom to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order and (iv) persons in the United Kingdom to whom an invitation or inducement to engage in investment activity within the meaning of section 21 of the Financial Services and Markets Act 2000 in connection with the issue or sale of any securities of BBVA may otherwise lawfully be communicated or caused to be communicated (all such persons in (i)-(iv) above being referred to as relevant persons). In the United Kingdom, this document is directed only at relevant persons and persons who are not relevant persons should not in any way act or rely on this document. Any investment activity to which this document relates will only be available to and will only be engaged with relevant persons. This document contains or may contain forward looking statements (in the usual meaning and within the meaning of the US Private Securities Litigation Reform Act of 1995) regarding intentions, expectations or projections of BBVA or of its management on the date thereof, that refer to or incorporate various assumptions and projections, including projections about the future earnings of the business. The statements contained herein are based on our current projections, but the actual results may be substantially modified in the future by various risks and other factors that may cause the results or final decisions to differ from such intentions, projections or estimates. These factors include, without limitation, (1) the market situation, macroeconomic factors, regulatory, political or government guidelines, (2) domestic and international stock market movements, exchange rates and interest rates, (3) competitive pressures, (4) technological changes, (5) alterations in the financial situation, creditworthiness or solvency of our customers, debtors or counterparties. These factors could cause or result in actual events differing from the information and intentions stated, projected or forecast in this document or in other past or future documents. BBVA does not undertake to publicly revise the contents of this or any other document, either if the events are not as described herein, or if such events lead to changes in the information contained in this document.

This document may contain summarised information or information that has not been audited, and its recipients are invited to consult the documentation and public information filed by BBVA with stock market supervisory bodies, in particular, the prospectuses and periodic information filed with the Spanish Securities Exchange Commission (CNMV) and the Annual Report on Form 20-F and information on Form 6-K that are filed with the US Securities and Exchange Commission.

By accessing this document, the recipient are deemed to represent that they possess, either individually or through their advisers, sufficient investment expertise to understand the risks involved in any purchase or sale of any financial instrument or any other information contained herein. The information in this document has not been independently verified. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the document and the information contained herein and no reliance should be placed on such information. This document should not be construed as legal, tax, investment or other advice and any recipient is strongly advised to seek their own independent advice in respect of any related investment, financial, legal, tax, accounting or regulatory considerations. There is no obligation to update, modify or amend this document or to otherwise notify any recipient if any information, opinion, projection, forecast or estimate set forth herein changes or subsequently becomes inaccurate or in light of any new information or future events.

Distribution of this document in other jurisdictions may be prohibited, and recipients into whose possession this document comes shall be solely responsible for informing themselves about, and observing any such restrictions. By accepting this document you agree to be bound by the foregoing restrictions.

Advertisement. This document is an advertisement and is not a prospectus for the purposes of Regulation (EU) 2017/1129 (the Prospectus Regulation). The Offering Circular is available at the website of BBVA at https://shareholdersandinvestors.bbva.com/debt-investors/issuances-programs/. Investors should not purchase any securities except on the basis of information contained in the Offering Circular.
Executive Summary

Offering summary

- **Inaugural COVID-19 Social Bond** 5yr FXD EUR-denominated Senior Preferred ("SP") notes issued by Banco Bilbao Vizcaya Argentaria, S.A. ("BBVA")
- Notes issued out of BBVA’s €40bn GMTN programme and governed by Spanish law
- Expected issuance rating: (A3/A-/A by Moody’s, S&P and Fitch respectively); Issuer rating: (A3/A-/A- by Moody’s, S&P and Fitch respectively)

Rationale

- This issue follows BBVA’s commitment to provide support and financing to the **most affected sectors by the COVID-19 pandemic** and it is aligned with BBVA’s Sustainable Development Goals (SDGs) Bond Framework as the proceeds will be allocated to projects contributing to any of the four social eligible categories within the Framework.
- This transaction is aimed to refinance the €1bn Senior Preferred issued in 2016 that in 1Q20 entered into its last year maturity (ceasing then to compute for MREL purposes).

Use of proceeds

- At issuance 100% of the proceeds raised by the 1st public COVID-19 Social Bond will contribute to alleviate the severe social and economic impacts of the COVID-19 pandemic supporting SMEs, Corporates and funding eligible projects in Healthcare, Education and Affordable Housing
- As of April 30th the identified assets stands at above Eur3.3Bn of which, 79% of the amount is already drawn and fighting the negative effects of the COVID-19 outbreak in Spain
- Selected assets have obtained an independent verification assessment from DNV –GL and it will be reported and audited by an external auditor in 1H2021
Index

01  BBVA’s Sustainable finance strategy

02  Response to COVID-19

03  Global recognition & Activity in Capital Markets
01
BBVA’s sustainable finance strategy
Sustainability is embedded in BBVA’s strategy by supporting inclusive economic development and with a significant contribution in the fight against climate change...

**What we stand for**
- Improving our client’s financial health
- Helping our clients transition towards a sustainable future

**Drivers of superior Performance**
- Reaching more clients
- Operational excellence

**Accelerators to deliver on our Strategy**
- The best and most engaged team
- Data and Technology
... through a journey that started in early 2018 with the launching of an ambitious 2025 Pledge

The pledge is a commitment based on three pillars

**To finance**
We will help to create the **scale of capital mobilization** to halt global climate change & attain the UN Sustainable Development Goals

- Green finance
- Sustainable infrastructure and agribusiness
- Financial inclusion & entrepreneurship

**€100 Billion MOBILIZED**

**To manage**
We will manage our environmental & social risks to minimize potential negative direct & indirect impacts

- Transparency in carbon-related exposure
- Progressively alignment with Paris Agreement
- Sector norms in mining, energy, agribusiness & infrastructure

**70% RENEWABLE ENERGY 68% CO₂ EMISSIONS REDUCTION**

**To engage**
We will engage with all our stakeholders to **collectively promote the contribution** of financial industry to sustainable development

- TCFD recommendations implementation on 2020
- Financial education
- Promotion of Responsible Banking standards within the industry
... with a great progress as already mobilized 30Bn in the first two years

Breakdown of the Eur18Bn originated in 2019

- Financial Inclusion and Entrepreneurship: 13%
- Social Infrastructures & Agribusiness: 9%
- Other Sustainable Mobilization: 15%
- Green Financing: 63%

2019 Production in Mn (Eur)

**Green Financing**
- 394 Certified green loans
- 2,687 Green KPI-linked loans
- 4,379 Green corporate finance
- 1,120 Green projects finance
- 2,886 Green bonds
- 45 Green retail fund

**Financial Inclusion & entrepreneurship**
- 685 Financial inclusion
- 1,426 Loans to vulnerable entrepreneurs
- 92 Loans to female entrepreneurs
- 116 Impact investment

**Other sustainable mobilization**
- 1,137 ESG-linked loans
- 497 Sustainable bonds
- 1,022 Socially responsible investment loans to female entrepreneurs

**Social infrastructures & Agribusiness**
- 78 Social KPI-linked loans
- 1,501 Social corporate finance
- 22 Social infrastructure project finance
Other relevant initiatives to continue providing our customers a wide range of sustainable products

**ENERGY EFFICIENT REAL ESTATE DEVELOPMENT**

BBVA is the first financial institution in Spain to launch a line of loans for developers dedicated to the construction of highly energy efficient homes.

**ELECTRIC VEHICLE LOANS FOR RETAILS COSTUMERS AND SMES**

BBVA has launched a €20 million new line of green loans for customers interested in purchasing electric or hybrid cars with highly attractive conditions.

**THE BBVA FUTURO SOSTENIBLE**

The only ESG Fund in the Top 10 of most sold funds in 2019. It is a global fund that invest in equity, public debt and credit. It is the first of its kind in Spain, given it is fully aligned to all the pillars of SRI.

**BBVA BOLSA DESARROLLO SOSTENIBLE**

It is an international equity fund that incorporates criteria that evaluate socially responsible investing when selecting the securities that make up the portfolio.

**FIRST RECYCLED PVC CARDS**

BBVA is the first financial institution in Spain to distribute cards made of recycled plastic.

A commitment to reach the 100 percent mark for recycled materials by the end of 2020.

**BBVA SOSTENIBLE MODERADO**

The bank has also recently launched its first individual pension plan (IPP) managed with SRI criteria.
Response to COVID-19
Our response to COVID-19

**Protect the health and safety** of our employees, clients and the community

- **86,000 employees** working remotely
  - Central services: **95%**
  - Network: **71%**

BBVA donates **€35 million** for the fight against COVID-19

**€2+ million** in campaigns with employees' donations matched by BBVA

300+ **top management members waive** 2020 bonus

**Continue to provide an essential service** to the economies where we operate

**€17 billion** Total loan growth in Q1*

**Deferrals** of mortgages and other loans, repayment flexibility

Proactively providing **new lines of credit** through government facilities

**Offer financial support** to our clients

Reorienting our clients to **remote and digital channels**

- Digital customers: **59%**
- Mobile customers: **54%**
- Digital sales: **63%**

*Total gross loan book growth in constant €
Rationale for the issuance of a Covid 19 Social Bond

- **Supporting the Spanish economy**
  The severe effects of the pandemic in the country require a response from the most relevant actors within the Spanish economy, among which BBVA plays an essential role as a provider of financing.

- **Aligned with the values and culture of BBVA**
  BBVA stands out in terms of considering social and sustainable practices in its business decisions, and this source of funding will further contribute to it

  With EUR 30bn worth of loans mobilized according to our 2025 Pledge, the issuance of a Covid-19 Social Bond for the most adequate eligible loans is aligned with the lending activity of the bank.

- **Complementing the bank’s ESG issuance program**
  Accompanying the market shift towards social bond issuance in 2020, from the previous prevalence of green bonds. To accelerate the development of the social bond market.

- **Foster the development of the Covid 19 bond market while leading the way for Spanish financial institutions**
  BBVA becomes the first financial institution to issue a Covid 19 Social bond in response to the pandemic in Spain, hopefully setting an encouraging precedent for our peers.

BBVA aims to play a relevant role in developing a more sustainable and inclusive world, as society demands, and helping its clients in the transition towards a more sustainable future.
Overview of BBVA’s Inaugural Covid 19 Social Bond

Use of Proceeds
- **Education**
  - Quality education
- **Healthcare**
  - Good health and well-being
- **SME Financing & microfinancing**
  - Decent work and economic growth
- **Reduced inequalities**
- **No poverty**
  - Reduced inequalities
  - Sustainable cities and communities
  - Affordable housing

Process for Project Evaluation & Selection
- A prospective List of Eligible Projects is reviewed by the Sustainable Finance Working Group
- The BBVA SDGs Bonds Committee has conducted a review and will keep reviewing the selected and labelled Projects and decide which should be finally included in the Social Bond
- Responsible Business will have final veto
- Eligible social loans are booked in Spain and will be contributing to COVID-19 relief and recovery efforts
- Should proceeds need to be reallocated during the lifetime of the bond, BBVA will follow the internal criteria for social eligible categories as per its SDG Bond Framework

Management of Proceeds
- BBVA will track the use of proceeds of this Inaugural COVID-19 Social Bond
- The eligible loan portfolio will always be higher than the total outstanding amount of Social Bonds

Process for Reporting
- The Social Bond Report will be reviewed and approved by the Sustainable Finance Working Group and published on BBVA’s website in 1H2021
Qualifying eligible assets selected for BBVA’s Inaugural Covid 19 Social Bond

**Total portfolio Breakdown by sector**

- Healthcare: 17%
- Post Covid-19 Corporate & SMEs Financing: 4%
- Public Sector Social Loan

**Size of eligible portfolio**: €3.3Bn as of April 30th of which, 79% are related to Covid 19 (partially guaranteed by ICO) and maturity higher than 4 years. These loans have been granted to implement the necessary measures to guarantee liquidity and preserve productive activity and employment.

**Identified projects are constituted** mainly of loans earmarked in Corporates & SMEs financing and disadvantaged and underserved communities. Selected public sector loans are aligned with the Social Bond Principles and Sustainability Bond Guidelines.

**Loans comply with the look-back period** required by BBVA SGDs framework, that means 36 months since the relevant bond is issued; 21% of the assets were originated from 2017 and 2019 while the vast majority is concentrated in 2020 (79%).

**BBVA has obtained the Second Opinion from DNV confirming that selection criteria and use of proceeds meet with its SDGs framework and the Social Bond Principles**

---

1 Average allocations: 80% Social inclusion, 16% Healthcare, 3% Education, 1% Affordable Housing
Global recognition & Activity in Capital Markets
Global recognition as shown by its presence on a number of international sustainable index or Environmental, Social and Governance (ESG) indexes.
The most recognised awards in sustainable finance in 2019/2020

01
BBVA lands triple recognition at the Climate Bonds annual awards

The Climate Bonds Initiative recognized BBVA for its global leadership, best practices and innovation in the field of sustainable financing at the 2019 Green Bond Pioneer Awards

02
BBVA is one of the top five European banks with the strongest commitment to sustainable finance

According to a report produced by World Resources Institute (WRI). The bank takes the top position in Europe and the third worldwide, when considered by asset size

03
BBVA, sustainable finance bank of the year, according to LatinFinance

BBVA has been named sustainable finance bank of the year by international magazine Latin Finance. The publication recognized the bank’s performance in the region, notably the experience, creativity, and drive demonstrated by its teams as they promote sustainable finance

04
The BBVA as the best investment bank in Sustainable Finance in 2019 in Western Europe, Latin America and Central & Eastern Europe by Global Finance Magazine

05
The BBVA green bond issuance program, awarded at the Climate Summit
BBVA plays a key role in developing the sustainable financing market in the wholesale banking business...

Capital Markets

- Over the past three years, BBVA has actively promoted the market and has participated in relevant inaugural Green, Social and Sustainability Bonds from different sectors and geographies as Structuring Green Advisor and Joint Bookrunner

- Pioneering sustainable bond issuances in several countries:
  - SSE’s first green bond in the UK (2017)
  - Avangrid’s first green bond (SEC registered, 2017)
  - ESB’s first green bond in Ireland (2019)
  - Generali’s first green bond in Italy (2019)

- During 2019, BBVA participated in 30 issues as a Bookrunner, which involved the placement of €23,198m in total

- In Spain, the bank provided advisory and placement services for:
  - The first public sustainable debt issuance by the Madrid regional government (2017); and in February 2019, BBVA issued the first green structured bond using blockchain technology — an operation that marked a milestone in the industry due to its sustainable and technological nature.

- Recently, BBVA was bookrunner in the private placement of an EUR 52mn COVID-19 Social Bond issued by Comunidad de Madrid, the first in Spain. Proceeds will be directed at supporting the region’s efforts in dealing with the pandemic.
BBVA plays a key role in developing the sustainable financing market in the wholesale banking business...

Bilateral & Syndicated Loans

- BBVA has been a pioneer and fundamental driver of sustainable loans, and one of the most active banks worldwide. In 2018, the Bank led a total of 17 operations in Europe and the Americas for clients from a wide range of sectors. **By the end of 2019, BBVA had led an additional 22 operations**

- In bilateral loan, BBVA was one of a pioneer in this type of loans, signing in February 2017 **the world’s first green loan to an energy company** for the largest amount at the time.

- In syndicated loans BBVA led **the world’s first green syndicated loan** in 2018

Project Finance

- BBVA was a pioneer in signing **the world’s first green loan with a project finance structure** in Uruguay with the European operator Terna
... and becomes the most active Spanish bank in Green & Social bonds issues

**Sustainable issuances**

- **Inaugural 7Y Non-preferred Senior** issued by BBVA S.A in 2018, at the moment the largest financial Green Bond in the Eurozone and the first Green Bond for a Spanish Bank.

- **BBVA Mexico issued its inaugural 3Y Senior Unsecured Green Bond** becoming first Mexican financial Corporate to enter the green bond market.

- **BBVA second benchmark Green Bond** launched in June 2019, 7Y Non-preferred Senior.

- **Garanti**
  - **€ 35,000,000**
  - 6-year Senior Unsecured Note
  - January 2018

- **BBVA S.A**
  - **€ 35,000,000**
  - 6-year Structured Note
  - February 2019

- **BBVA S.A**
  - **€ 40,000,000**
  - 2-year Structured Note
  - April 2020

- **Turkey’s Garanti Bank issued its first private sector gender bond** in emerging markets dedicated to financing enterprises and companies owned or managed by women.

- **BBVA S.A issued the first structured green bond** by €35Mn using blockchain technology.

All transactions are based on BBVA’s SDGs Bond Framework publicly launched on May 2018, which follows the ICMA Green Bond Principles (GBP), Social Bond Principles (SBP) and Sustainable Bond Guidelines.