

BBVA SOCIAL BOND

DNV GL ELIGIBILITY ASSESSMENT

Scope and Objectives

Banco Bilbao Vizcaya Argentaria SA (henceforth referred to as "BBVA") offers retail, wholesale, and investment banking services. The Bank offers consumer and mortgage loans, private banking, asset management, insurance, mutual funds, and securities brokerage services. BBVA operates in Europe, Latin America, United States, and Turkey.

BBVA is intending to issue an inaugural Social Covid-19 Bond under its existing Sustainable Development Goal (SDG) Bond Framework (henceforth referred to as "the Bond"). This is BBVA's fourth public bond issuance under the BBVA SDG Bond Framework.

DNV GL Business Assurance España, S.L.U. (henceforth referred to as "DNV GL") has been commissioned by BBVA to provide a Social Bond eligibility assessment on the Bond. Our methodology to achieve this is described under 'Work Undertaken' below. We were not commissioned to provide independent assurance or other audit activities.

No assurance is provided regarding the financial performance of the Bond, the value of any investments in the Bond, or the long term social benefits of the transaction. Our objective has been to provide an assessment that the Bond has met the criteria established on the basis set out below.

Responsibilities of the Management of BBVA and DNV GL

The management of BBVA has provided the information and data used by DNV GL during the delivery of this review. Our statement represents an independent opinion and is intended to inform BBVA management and other interested stakeholders in the Bond as to whether the established criteria have been met, based on the information provided to us. In our work we have relied on the information and the facts presented to us by BBVA. DNV GL is not responsible for any aspect of the projects or assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV GL shall not be held liable if any of the information or data provided by BBVA management and used as a basis for this assessment were not correct or complete.

Basis of DNV GL's opinion

We have adapted our social bond eligibility assessment methodology to create BBVA-specific Social Bond Eligibility Assessment Protocol (henceforth referred to as "Protocol") - see Schedule 2. Our Protocol includes a set of suitable criteria that can be used to underpin DNV GL's opinion. The overarching principle behind the criteria is that a social bond should "enable capital-raising and investment for new and existing projects with social benefits".

As per our Protocol, the criteria against which the Bond has been reviewed are grouped under the four Principles:

- **Principle One: Use of Proceeds.** The Use of Proceeds criteria are guided by the requirement that an issuer of a social bond must use the funds raised to finance eligible Social Projects. The eligible activities should produce clear social benefits aimed to address social issues and achieve positive social outcomes.
- **Principle Two: Process for Project Evaluation and Selection.** The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a social bond should outline the process it follows when determining eligibility of an investment using Social Bond proceeds and outline any impact objectives it will consider.
- **Principle Three: Management of Proceeds.** The Management of Proceeds criteria are guided by the requirements that a social bond should be tracked within the issuing organization, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.
- **Principle Four: Reporting.** The Reporting criteria are guided by the recommendation that at least annual reporting to the bond investors should be made of the use of bond proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

Work undertaken

Our work constituted a high level review of the available information, based on the understanding that this information was provided to us by BBVA in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

- Creation of an BBVA-specific Protocol, adapted to the purpose of the Bond, as described above and in Schedule 2 to this Assessment.
 - Assessment of documentary evidence provided by BBVA on the Bond and supplemented by a high-level desktop research. These checks refer to current assessment best practices and standards methodology;
 - Discussions with BBVA management, and review of relevant documentation and evidence related to the criteria of the Protocol.
 - Documentation of findings against each element of the criteria. Our opinion as detailed below is a summary of these findings.
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Findings and DNV GL's opinion

DNV GL's findings are listed below:

1. Principle One: Use of Proceeds.

BBVA intends to use the proceeds from the issuance of the Bond to finance and re-finance social projects which contribute to the achievement of the SDG's. Eleven projects have been reviewed for the issuance, in the categories of SMEs Financing, Healthcare, Education and Affordable Housing. All projects financed via the bond proceeds will be in these four categories.

DNV GL concludes that BBVA is committed to issuing this Bond in line with the SDG Bond Framework. The eligible categories outlined above in the SDG Bond Framework are consistent with the categories outlined in the Social Bond Principles. In addition, re-financing is only eligible for loans, investments and projects financed within the last three years.

2. Principle Two: Process for Project Evaluation and Selection.

DNV GL reviewed the evidence which demonstrates BBVA's commitment to issuing this Bond in line with the SDG Bond Framework, which describes the process through which projects are evaluated and selected. The SDG Bond Framework clearly articulates the process by which eligibility is assessed, including the eligibility criteria and the business functions involved in assessing eligibility.

The SDG Bond Framework also outlines the process by which eligibility is maintained and the actions that will be taken if a project is no longer eligible.

DNV GL has reviewed evidence of the SDG Bonds Committee minutes describing the evaluation and selection of Eligible Projects from BBVA's asset pool.

3. Principle Three: Management of Proceeds.

DNV GL has reviewed BBVA's SDG Bond Framework and evidence which states the use of proceeds of this Bond issuance will be directed to financing and re-financing BBVA's social projects which contribute to the achievement of the SDG's.

BBVA intend for the full proceeds to be disbursed at point of issuance of any Bond under the BBVA SDG Bond Framework, however any funds pending allocation will be placed in BBVA's liquidity portfolio.

4. Principle Four: Reporting.

DNV GL can confirm BBVA has committed to annual reporting specific to this Bond issuance on the allocation of the expenditure and the balance remaining until the tracked proceeds are redeemed or fully allocated to eligible projects.

BBVA has also committed to add this information to the dedicated Sustainable Development Goals Bond report which will provide investors with information on the selected projects and expected social impacts per eligible category issued in line with the SDG Bond Framework. BBVA clearly outline the proposed impact indicators for each eligible category and units of measurement.

DNV GL has reviewed BBVA's 2018 Green Bond Report which includes reporting on previous bond issuances and concludes that BBVA is meeting the requirements within the BBVA SDG Bond Framework. BBVA has committed to issue 2019 Green Bond Report next June 2020.

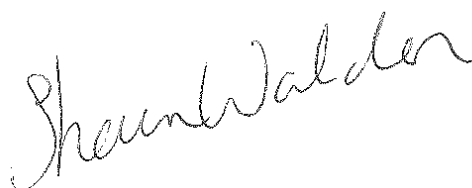
On the basis of the information provided by BBVA and the work undertaken, it is DNV GL's opinion that the Bond meets the criteria established in the Protocol and that it is aligned with the stated definition of social bonds within the Social Bond Principles.

for DNV GL Business Assurance España, S.L.U.

Madrid, 7th May, 2020

A handwritten signature in blue ink, appearing to read 'Lars Appel'.

Lars Appel
Project Director
DNV GL – Business Assurance

A handwritten signature in black ink, appearing to read 'Shaun Walden'.

Shaun Walden
Principal Consultant and Reviewer
DNV GL – Business Assurance

About DNV GL

Driven by our purpose of safeguarding life, property and the environment, DNV GL enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.

With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

1 SCHEDULE 1: DESCRIPTION OF CATEGORIES/PROJECTS TO BE FINANCED THROUGH BOND

Eligible Sustainable Category	Description	SDG
SMEs Financing and Microfinancing	Formalization and encouragement of micro, small, and medium enterprises Access to banking and financial services in underserved populations Financial literacy	8 Decent Work and Economic Growth
Healthcare	Hospitals, medical equipment, and technologies	3 Good Health and Well Being
Education	Universities and other centres of tertiary education, primary and secondary schools, technical/vocational training centres and programs, capacity building, entrepreneurship, and literacy and numeracy training centres and programs	4 Quality Education
Affordable Housing	Access to adequate, safe, and affordable housing for excluded and/or marginalized populations and/or communities	10 Reduced Inequalities

SCHEDULE 2: BBVA-SPECIFIC SOCIAL BOND ELIGIBILITY ASSESSMENT PROTOCOL

1. Use of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
1a	Type of bond	The bond must fall in one of the following categories, as defined by the Social Bond Principles: <ul style="list-style-type: none"> • Standard Social Use of Proceeds Bond • Social Revenue Bond • Social Project Bond • Social Securitized and covered Bond 	Evidence reviewed: <ul style="list-style-type: none"> • BBVA TS SP Covid (Termsheet) • BBVA Offering circular: Global Medium Term Note Programme, July 2019 • BBVA-SDGs-Bond-Framework_24042018_Eng 	BBVA have committed to this Bond issuance falling into the category of a Social Use of Proceeds Bond.
1b	Social Project Categories	The cornerstone of a Social Bond is the utilization of the proceeds of the bond which should be appropriately described in the legal documentation for the security.	Evidence reviewed: <ul style="list-style-type: none"> • BBVA TS SP Covid (Termsheet) • BBVA Offering circular: Global Medium Term Note Programme, July 2019 • BBVA-SDGs-Bond-Framework_24042018_Eng • BBVA List of eligible social projects • BBVA Criteria for inaugural Social Bond 	We conclude that the legal documentation confirms the utilization of proceeds is appropriately described and commits to adhere to the SDG Bond Framework.
1c	Social benefits	All designated Social Project categories should provide clear social sustainable benefits, which, where feasible, will be quantified or assessed by the issuer.	Evidence reviewed: <ul style="list-style-type: none"> • BBVA-SDGs-Bond-Framework_24042018_Eng • BBVA List of eligible social projects • BBVA Criteria for Inaugural Social Bond • Commercial presentation (Covid-19 Social Bond) 	The SDG Bond Framework and the Criteria for Inaugural Social Bond outlines the expected social benefits that will be realised by this Bond issuance.

2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
2a	Investment-decision process	<p>The issuer of a Social Bond should outline the decision-making process it follows to determine the eligibility of projects using Social Bond proceeds. This includes, without limitation:</p> <ul style="list-style-type: none"> • A process to determine how the projects fit within the eligible Social Projects categories identified in the Social Bond Principles. • The criteria making the projects eligible for using the Social Bond proceeds; and • The social sustainability objectives 	<p>Evidence reviewed:</p> <ul style="list-style-type: none"> • BBVA-SDGs-Bond-Framework_24042018_Eng • BBVA List of eligible social projects • BBVA Criteria for inaugural Social Bond • Minutes from BBVA SDG bond committee (20200505_Acta SFWG Bonds Committee) 	<p>We conclude that the investment decision process is well documented in the SDG Bond Framework and committed to under this issuance.</p>
2b	Issuer's environmental and social and governance framework	<p>In addition to information disclosed by an issuer on its Social Bond process, criteria and assurances, Social Bond investors may also take into consideration the quality of the issuer's overall framework and performance regarding social sustainability.</p>	<p>Evidence reviewed:</p> <ul style="list-style-type: none"> • BBVA-SDGs-Bond-Framework_24042018_Eng • BBVA List of eligible social projects • BBVA Criteria for inaugural Social Bond • Commercial presentation (Covid-19 Social Bond) 	<p>We conclude that, from the information provided and publicly available information, BBVA's approach to managing environmental & social sustainability, and BBVA's initiatives and response against Covid-19 outbreak are in line with the objective of the Bond.</p>

3. Management of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
3a	Tracking procedure	The net proceeds of Social Bonds should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked by the issuer in an appropriate manner and attested to by a formal internal process that will be linked to the issuer's lending and investment operations for Social Projects.	Evidence reviewed: <ul style="list-style-type: none"> • BBVA-SDGs-Bond-Framework_24042018_Eng • BBVA TS SP Covid (Termsheet) • BBVA Offering circular: Global Medium Term Note Programme, July 2019 • Commercial presentation (Covid-19 Social Bond) 	We conclude that the BBVA Bond will be tracked in an appropriate manner and attested to by a formal internal process, which is documented in the SDG Bond Framework.
3b	Tracking procedure	So long as the Social Bonds are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible social investments or loan disbursements made during that period.	Evidence reviewed: <ul style="list-style-type: none"> • BBVA-SDGs-Bond-Framework_24042018_Eng • BBVA TS SP Covid (Termsheet) • BBVA Offering circular: Global Medium Term Note Programme, July 2019 • Commercial presentation (Covid-19 Social Bond) 	We conclude that there is a clear process in place for the tracking of the balance considering disbursements.
3c	Temporary holdings	Pending such investments or disbursements to eligible Social Projects, the issuer should make known to investors the intended types of temporary investment	Evidence reviewed: <ul style="list-style-type: none"> • BBVA-SDGs-Bond-Framework_24042018_Eng • BBVA TS SP Covid (Termsheet) • BBVA Offering circular: Global Medium Term Note Programme, July 2019 • Commercial presentation (Covid-19 Social Bond) 	We conclude that BBVA has disclosed how it will manage any unallocated proceeds within its liquidity portfolio.

		instruments for the balance of unallocated proceeds.		
3d	Over-collateralisation	n/a	<p>Evidence reviewed:</p> <ul style="list-style-type: none"> • BBVA-SDGs-Bond-Framework_24042018_Eng • BBVA List of eligible social projects • BBVA Criteria for inaugural Social Bond • Commercial presentation (Covid-19 Social Bond) 	DNV GL has reviewed evidence of the prospective projects, including the total value of the eligible projects exceeding the bond value.

4. Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
4a	Periodical reporting	In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, issuers should provide at least annually a list of projects to which Social Bond proceeds have been allocated including - when possible with regards to confidentiality and/or competitive considerations - a brief description of the projects and the amounts disbursed, as well as the expected social sustainability impact.	Evidence reviewed: <ul style="list-style-type: none"> • BBVA-SDGs-Bond-Framework_24042018_Eng • BBVA List of eligible social projects • BBVA Criteria for inaugural Social Bond • Commercial presentation (Covid-19 Social Bond) 	We can confirm that BBVA has committed to produce annual reports on the Social Projects that will be selected for this Bond issuance. Information from these reports will be included in the Annual SDG Bond Report which will provide investors with information on all issuances under the SDG Bond Framework. We have reviewed current reporting for previous issues and confirm BBVA is meeting the requirements within the BBVA SDG Bond Framework.