The background of the cover is a close-up photograph of green leaves with water droplets. A dark blue rectangular box is positioned on the left side, containing the title text. A small teal square is located at the top left corner of this box. A thick blue L-shaped graphic element is positioned on the right side of the cover, starting from the middle of the blue box and extending downwards and then to the right, ending at the bottom edge of the page.

BBVA 2018 Green Bond Report

Introduction

BBVA is one of the most experienced financial institutions in the green bond market. It became active in this area of the industry in 2007 with its involvement in the European Investment Bank's first green bond issuance. Since then, the bank has led, structured, provided guidance on, and acted as the placement entity for social and green bonds for clients in Europe, the United States, and Latin America.

In April 2018, BBVA published its framework for the issuance of sustainable bonds, linked with the United Nations' Sustainable Development Goals (SDGs). Days later, BBVA issued its first green bond for a total of €1 billion. At the time, BBVA's inaugural green bond issuance was the largest in the eurozone.

This green bond is demonstrative of BBVA's strategy to support sustainable development and fight climate change. As part of its strategy, and in order to gradually achieve a balance between sustainable energy financing and investments in fossil fuels, the bank aims to align its business activity with the United Nations' Sustainable Development Goals and the Paris Agreement, thereby contributing to the transition towards a low-carbon economy.



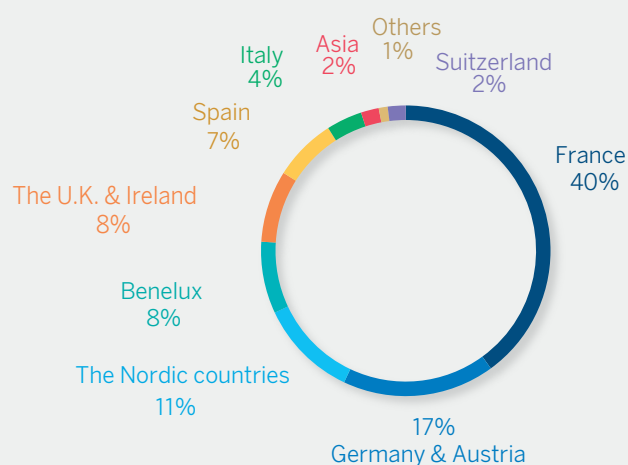
BBVA is a leader in sustainable financing and, as part of its 2025 Pledge, it has committed to mobilizing **€100 billion in sustainable finance.**

The issuance of this type of bond allows the bank to allocate funds to projects in sectors that are aligned with its commitment, financing projects related to renewable energy, energy efficiency, waste management, water treatment, and access to essential needs and services like housing and inclusive financing.

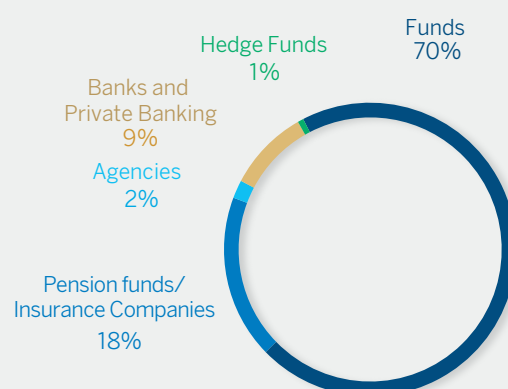
BBVA's inaugural green bond key figures

Issuer	Banco Bilbao Vizcaya Argentaria SA
Issuer Ratings	A3/A-/A-/AH/A+ (Moody's/S&P/Fitch/DBRS/Scope)
Instrument	Senior Non-Preferred Notes
Nominal Amount (EUR)	1,000,000,000
Date of Disbursement	May 14, 2018 (T+7)
Maturity Date	May 14, 2025 (7 years)
Coupon	1.375%
Use of Proceeds	Under BBVA's Sustainable Development Goals bond framework
Second Party Opinion	DNV GL
Listing	Dublin Stock Exchange
ISIN	XS1820037270

Distribution by country or territory



Distribution by type of investor



Source: BBVA

Overview of BBVA's Sustainable Development Goals bond framework

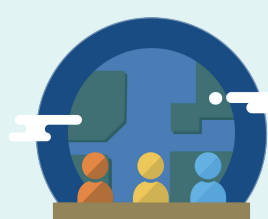
In 2018 BBVA published its Sustainable Development Goals (SDGs) bond framework, on which its inaugural green bond is based.

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



Green Bonds

Debt instruments whose funds are exclusively allocated to financing new or existing green projects, in whole or in part.



Social bonds

Debt instruments whose funds are exclusively allocated to financing new or existing social projects, in whole or in part.



Sustainable bonds

Debt instruments whose funds are exclusively allocated to financing new or existing green and social projects, in whole or in part.

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: 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 the [BBVA website](#).
-  External verification: the framework has obtained an independent verification assessment from DNV-GL.



Eligible green categories



Energy
efficiency



Sustainable
transportation



Water



Waste
management



Renewable
energy

Eligible social categories



Health



Education



SME
financing and
microfinance



Affordable
housing



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 sustainability 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

- BBVA will publish a bond tracking report within 12 months from the issuance date.
- 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 SDGs framework

- Nuclear power generation
- Large-scale dams (more than 20 MW)
- Defense
- Mining
- Coal-related
- Oil and Gas

Calculation methodology

The methodology used by BBVA to calculate the emissions that have been avoided by the investment projects included in this report is based on internationally recognized standards, to ensure credible and solid results.

Specifically, this methodology is based on the creation of equivalent and comparable scenarios adhering to the fundamentals set out in the ISO 14062 standard and expressly in part 2: "Greenhouse Gases. Specification with guidance at the project level for quantification, monitoring, and reporting of greenhouse gas emission reductions or removal enhancements."

In the case of renewable energy projects, CO₂ emissions avoided have been calculated by multiplying the renewable electricity supplied to local power grids by the CO₂ emissions factor for the national energy mix.

The CO₂ emissions factors of the energy mix used by country are the following:

CO₂ emissions factors

United States

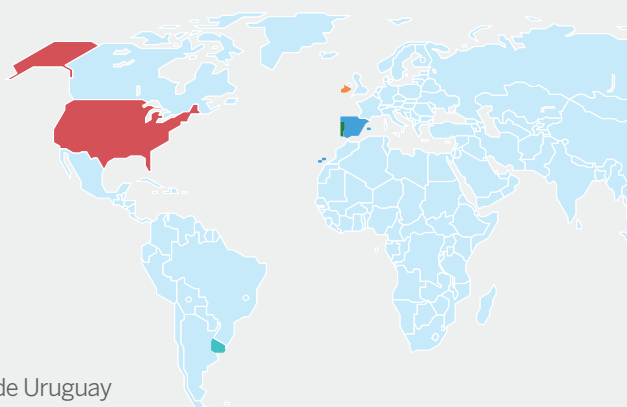
0.827 tonCO₂/MWh
for Indiana and

0.945 tonCO₂/MWh
for Wyoming

US Energy Information
Administration

Uruguay

0.014 tonCO₂/MWh
Balance Energético Nacional de Uruguay



Spain

0.246 tonCO₂/MWh
Red Eléctrica de España

Portugal

0.322 tonCO₂/MWh
Project Carbon Footprint
Methodologies EIB

Ireland

0.464 tonCO₂/MWh
Project Carbon Footprint
Methodologies EIB

The renewable energy generated by these projects has been calculated from the data of real power generation sent to local grids, according to the best data available at the time of the calculation.

The impact calculation period for the selected projects covers the data of the bond issuance (May 2018) through December 31, 2018.





100% of the proceeds raised by the green bond have been used by BBVA for the refinancing of projects.

80% of the amount of the green bond is projects selected before the issuance in 2018, while the remaining 20% were originated after said issuance.

Geographically, the United Kingdom, Spain and France represent 87% of the portfolio while the remaining 13% is distributed among Portugal, the United States and Latin America.

The calculation methodology applied by BBVA for the environmental impact calculations was developed by an independent advisor (Ecodes) guaranteeing impartiality and the use of objective and comparable sources.

Environmental impact of the green bond

	Use of the proceeds raised (in million euros)	Impact indicators		SDGs
		Impact in tons of CO ₂ eq avoided	Electrical energy generated (GWh/year)	
Renewable Energy				
Wind energy	611.3	260,207	498	 
Solar energy	154.9	12,771	53	
Solar / biomass	8.8	1,631	7	
Sustainable Transportation	225.0	-	-	 
Total	1,000	274,609	558	

The environmental impacts generated by the sustainable transport project have been estimated for the year 2019 (approximately 106,539 tons of CO₂eq avoided). This figure has not been included in the total impact given that it falls outside the reporting period.

Likewise, these impacts do not include those generated by a €500 million green loan certified by Vigeo Eiris. This loan is used to finance the transmission, distribution and smart grid projects in order to connect renewable wind energy, with a theoretical installed capacity of almost 700 MW. BBVA has included an amount of €412Mn for its inaugural issuance from the € 500Mn of the total loan.

Sample projects financed under BBVA's first green bond

Termosolar Borges



BBVA provided refinancing for the Borges solar thermal power plant. This innovative project is the world's first concentrated solar power-biomass hybrid power plant. It is located in Lleida, Spain, and is able to run 24 hours a day by using solar power during the day and biomass by night. The project is ideally located for a biomass plant; situated in the middle of a large olive farming region it has easy access to agricultural waste for fuel. The location is not ideal for stand-alone concentrated solar power, but as a hybrid project, it serves as an important example for other regions to enable renewable generation where standalone wind or solar may not be a viable option. The plant is expected to generate 22.5MW of electricity per year, enough to supply energy for approximately 27,000 households.



Valle 1 and Valle 2 solar power plants



BBVA provided refinancing for adjoining solar power plants, Valle 1 and Valle 2 in San José del Valle, located in Cadiz, Spain. Each plant has a capacity of 50 MW and together they will provide clean and safe energy to more than 80,000 Spanish homes. Each plant has 7 hours of capacity which can sustain the stability of the electrical network for 2,900 annual hours at full capacity. The company behind these projects is Torresol Energy, a Spanish company that for the past ten years has been focusing on developing clean solar energy through efficient and profitable thermoelectric power plants.



Independent review 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

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 Bond of 2018 (ISIN XS1820037270) issued by Banco Bilbao Vizcaya Argentaria, S.A., contained in the “BBVA 2018 Green Bond Report” of Banco Bilbao Vizcaya Argentaria S.A. and its subsidiaries (hereinafter, “BBVA”) for the year ended 31 December 2018, 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 Bond to the assets or projects refinanced by it and that the capital invested in the refinanced assets or projects is attributable to the Bond.
- The verification that the impact indicators are prepared in accordance with their calculation methodology, defined in the mentioned “BBVA 2018 Green Bond Report”.

Responsibility of Management

Management of BBVA is responsible for the preparation, content and presentation of the “BBVA 2018 Green Bond Report”, in accordance with the requirements included in the Framework in which the allocation of funds and the impact indicators.

Management’s responsibility includes establishing, implementing and maintaining the internal control required to ensure that the information included in the “BBVA 2018 Green 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 2018 Green Bond Report”, is obtained.

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 2018 Green Bond Report” in order to know the characteristics of the projects (re)financed by the Bond, the internal management procedures and systems in place, the data collection process and the environment control.
- Analysis of the procedures used for gathering and validating the information and data presented in the impact indicators included in the “BBVA 2018 Green 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. 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.



Limited and moderate assurance conclusion

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 Bond 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 Bond.
- The impact indicators contain significant errors or have not been prepared, in all their significant aspects, in accordance with what is indicated in the Framework and as indicated in the “BBVA 2018 Green Bond Report” in relation to its calculation.

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.

A handwritten signature in blue ink, consisting of a stylized 'P' and 'B' followed by a horizontal line and a diagonal stroke.

Original in Spanish signed by
Pablo Bascones

30 April 2019