



BBVA SOCIAL BOND

DNV ELIGIBILITY ASSESSMENT

Scope and Objectives

Banco Bilbao Vizcaya Argentaria, S.A. (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 has set itself the priority of "helping their clients transition to a sustainable future", taking inspiration from the Sustainable Development Goals (the "SDGs") adopted by the United Nations, and from other supranational agencies that promote sustainable development and are a global benchmark with a focus on climate change and inclusive and sustainable social development.

BBVA is one of the most experienced financial institutions in the sustainable 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. A number of notable milestones include:

- 2018: BBVA's 2025 Pledge, €100Bn Sustainable finance origination.
- 2018: BBVA published its framework for issuing sustainable bonds, linked to the SDGs. Right after, 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.
- 2019: 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.
- 2020: 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 third green bond 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).
- 2021: New pledge target for 2025, from €100Bn to €200Bn Sustainable finance origination

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. To further catalyse capital to support its social commitments, BBVA is issuing a Social Bond under its existing Sustainable Development Goal (SDG) Bond Framework (henceforth referred to as "the Bond"). This is BBVA's fifth public bond issuance under the BBVA SDG Bond Framework and the second Social Bond. The net proceeds of the issue of the Social Bond will be allocated to the financing and/or refinancing Social Projects as defined in BBVA's SDGs Bond Framework.

DNV GL Business Assurance España, S.L.U. (henceforth referred to as "DNV") has been commissioned by BBVA to provide a Social Bond eligibility assessment on this 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

The management of BBVA has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform BBVA's management and other interested stakeholders in the Bond as to whether the Bond is aligned with the International Capital Market Association ("ICMA") Social Bond Principles 2021 ("SBP").

In our work we have relied on the information and the facts presented to us by BBVA. DNV 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 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'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's opinion.

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's opinion

DNV'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. DNV has reviewed the legal bond documentation, an exhaustive list of projects to be financed or refinanced (list of social loans) under the following social project categories:

- **Affordable basic infrastructure** (nursing home, transport, telecommunication network). Examples of projects in this category: social housing, construction and expansion of telecommunications infrastructure services, infrastructure to promote pedestrian mobility
- **Access to essential services** (health, education and financing). Examples of social projects in this category: hospitals medical equipment and technologies, healthcare facilities; projects in the categories of education, including but not limited to primary and secondary education, adult learning and continuing education, Universities and other centers of tertiary education, technical/vocational training centers and programs, entrepreneurship, literacy, and numeracy training centers and programs, and financial support to companies affected by the COVID-19 pandemic.
- **Socioeconomic advancement and empowerment – Socioeconomic inclusion.** Examples of social projects in this category: finance support to families benefiting of social minimum income, financial support to victims of gender violence programs, social housing, subsidized trips and SME financing and microfinancing (including self-employed)
- **Affordable housing.** Example of social projects in this category: loans to customers or projects that aim to access adequate, safe and affordable housing for excluded and/or marginalized populations and/or communities.

All projects financed via the bond proceeds will be in these four categories. It is DNV's opinion that BBVA's social projects will deliver benefits to a number of the Target Populations as defined by the ICMA SBP 2021 such as, but not exclusively, people living below the poverty line, excluded and/or marginalized populations and/or communities, undereducated people, underserved populations (owing to a lack of quality access to essential goods and services), aging populations and vulnerable youth, unemployed and people affected by gender violence. The evidence reviewed gives DNV the opinion that the Bond will deliver clear social benefits.

BBVA has confirmed that it already has a pool of Eligible Social Projects and has described that it intends to allocate funds to finance ongoing and/or future Eligible Social Projects from the date of issuance of the Bond, as well as refinance eligible investments to which disbursements have been made since 2018, and this was evidenced during DNV's review (re-financing is only eligible for loans, investments and projects financed within the last three years).

Additionally, alignment with the UN SDGs has been reviewed by DNV. Eligible Social Projects on this issuance are expected to contribute, directly or indirectly to certain aspects, to UN SDG 3 (Good Health and Well-being), UN SDG 4 (Quality Education), UN SDG 5 (Gender Equality), UN SDG 8 (Decent Work and Economic Growth), UN SDG 10 (Reduced Inequalities) and UN SDG 11 (Sustainable Cities and Communities).

DNV concludes that the description and evidence of the Use of Proceeds from the Bond are consistent with the SDG Bond Framework and the requirements outlined in the ICMA SBP 2021.

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

DNV 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.

In the assessment carried out by DNV, it is evidenced that this process has been updated. At present time, an internal working group represented by responsible business, finance, fixed income origination and sustainable finance identifies the selected eligible social transactions in BBVA and decide which ones can be included in the Social Bond. After this process, identified assets are approved by the “Working Group – Standards” which members are the same as the substituted Sustainable Finance Working Group and BBVA SDGs Bonds Committee.

Selection meetings involve a discussion of eligible transactions and how each one fits in eligible categories, its risks and benefits, the social objectives aimed, the target population considered, exclusionary criteria described in the SDGs Bond Framework, the transaction’s overall contribution to sustainability, and its alignment with applicable SDGs.

BBVA has developed a specific Environmental and Social Framework to perform specific environmental and social impact assessment; a due diligence process is in place to identify mitigants to known material risks of negative social and/or environmental impact from the relevant projects.

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 has reviewed evidence of the Working Group - Standard minutes with the approval of Eligible Social Projects to be financed from BBVA’s asset pool.

DNV concludes that these procedures for the evaluation and selection of activities to be financed or refinanced by the Bond are robust, appropriately described, and aligned with the SDG Bond Framework and the ICMA SBP 2021.

3. Principle Three: Management of Proceeds.

DNV 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 intends to maintain a buffer of projects above the proceeds arising from the issuance of the Social Bond; the full amount of the net proceeds obtained is expected to be allocated immediately after the issuance of the Bond under the BBVA SDG Bond Framework. However, any funds pending allocation will be placed in BBVA’s liquidity portfolio.

DNV has reviewed evidence and can confirm BBVA has committed to appropriately managing the net proceeds from the sale of the Bond in line with the SDG Bond Framework and requirements of the ICMA SBP 2021.

4. Principle Four: Reporting.

DNV 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. The relevant metrics may include:

Social Project Categories	Example of relevant quantitative impact indicators
Affordable basic infrastructure	<ul style="list-style-type: none"> • Number of people benefiting of new telecom networks expanded in specific regions • Number of residents benefiting from nursing home
Access to essential services (healthcare)	<ul style="list-style-type: none"> • Number of hospital and other healthcare facilities built/upgraded • Number of beds • Number of residents benefitting from healthcare

	<ul style="list-style-type: none"> • Number of Public Hospitals financed • Number of beds (for full hospitalisation) • Number of places (for partial hospitalisation, the number of patients that can be handled) • Number of residents benefitting from healthcare • Number of public hospitals and other healthcare facilities built or upgraded
Access to essential services (education)	<ul style="list-style-type: none"> • Number of educational institutions funded – location and type • Number of students supported • Number of years of education provided which is otherwise not accessible • Unemployment rate of young female graduates • Improvement in university rankings • Number of students • Number of loan beneficiaries
Access to essential services (financing) SME Financing & Microfinancing	<ul style="list-style-type: none"> • Number of SMEs financed • Estimation of the number of employees of the financed SMEs • Estimated number of jobs created or retained • Increase in business volumes for youth/women SMEs • Number of microfinance, micro-enterprise, and SME loans • Number of people employed by loan recipients
Socioeconomic advancement and empowerment	<ul style="list-style-type: none"> • Number of individuals or families benefitting of social minimum income • Number of individuals or families benefitting from social benefits • Number of subsidized trips • Number of SMEs that received support
Affordable housing	<ul style="list-style-type: none"> • Number of Supported Affordable Housing Units financed • Number of new dwellings built over the year • Number of beneficiaries of social home programmes

DNV has reviewed BBVA’s 2020 Green and Social 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 2021 Green/Social Bond Report next by the end of 2021.

On the basis of the information provided by BBVA and the work undertaken, it is DNV’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, 27th August 2021



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About DNV

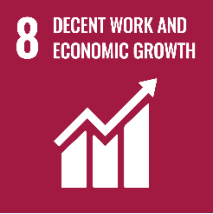

Driven by our purpose of safeguarding life, property and the environment, DNV enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions 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 12,000 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

ICMA Eligible Social Category	Description	Target Populations	UN SDG - Core
<p>Affordable basic infrastructure (nursing home, transport, telecommunication network)</p>	<p>Project’s objectives:</p> <ul style="list-style-type: none"> • Access to residential accommodations with healthcare for elderly people, access to telecommunications network by construction, maintenance and expansion of telecom services (extension of optical fiber telecommunications), infrastructure to improve pedestrian mobility 	<p>Some examples according to ICMA SBP 2021 are: aging populations, people who are underserved, other vulnerable groups</p>	
<p>Access to essential services (health, education and financing)</p>	<p>Project’s objectives:</p> <ul style="list-style-type: none"> • Access to healthcare, improvement of healthcare facilities/services and healthcare coverage. • Access to quality education (ensure inclusive and equitable quality education), increase capacity and social integration. • Financial support to companies affected by the COVID-19 pandemic. 	<p>Some examples according to ICMA SBP 2021 are: excluded and/or marginalised populations and/or communities, undereducated people, aging populations and vulnerable youth and other vulnerable people.</p>	 

<p>Socioeconomic advancement and empowerment</p> <p>SMEs Financing and Microfinancing</p>	<p>Project's objectives:</p> <ul style="list-style-type: none"> • Formalization and encouragement of micro, small, and medium sized enterprises. • Employment generation and Socio-economic advancement and empowerment with the intention of facilitate job conservation or creation, revitalize economically depressed areas, and reduce poverty or inequalities. This includes access to banking and financial services in underserved populations and financial literacy. • Financial support to families benefiting of social minimum income 	<p>Some examples according to ICMA SBP 2021 are: people living below the poverty line, vulnerable groups, excluded and/or marginalized populations and/or communities, underserved populations, unemployed and people affected by gender violence</p>	
<p>Affordable housing</p>	<p>Project's objectives:</p> <ul style="list-style-type: none"> • Access to adequate, safe, and affordable housing for excluded and/or marginalized populations and/or communities 	<p>Some examples according to ICMA SBP 2021 are: people living below the poverty line, people with disabilities, excluded and/or marginalised populations and/or communities,</p>	

SCHEDULE 2: BBVA-SPECIFIC SOCIAL BOND ELIGIBILITY ASSESSMENT PROTOCOL

1. Use of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Type of bond	<p>The bond must fall in one of the following categories, as defined by the Social Bond Principles:</p> <ul style="list-style-type: none"> • Standard Social Use of Proceeds Bond • Social Revenue Bond • Social Project Bond • Social Securitized and covered Bond 	<p>Discussions with BBVA and review of the following documents:</p> <ul style="list-style-type: none"> • BBVA Draft TS SP Bono Social (Social Bond Draft Termsheet) • BBVA Offering circular: Global Medium Term Note Programme, July 2020 • BBVA-SDGs-Bond-Framework_24042018_Eng 	<p>The type of Bond is described in the draft Term Sheet and falls within the category of a Use of Proceeds Bond.</p>
1b	Social Project Categories	<p>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.</p>	<p>Discussions with BBVA and review of the following documents:</p> <ul style="list-style-type: none"> • BBVA Draft TS SP Bono Social (Social Bond Draft Termsheet) • BBVA Offering circular: Global Medium Term Note Programme, July 2020 • BBVA-SDGs-Bond-Framework_24042018_Eng • BBVA’s Environmental and Social Framework (March 2021) • BBVA List of eligible social projects • BBVA Criteria for the selection of Social Loans 	<p>BBVA will use the proceeds to finance or refinance projects related to Affordable Basic Infrastructure, Access to Essential Services, Socioeconomic Advancement and Empowerment, and Affordable Housing.</p> <p>Those activities from BBVA’s Eligible Social Project Portfolio. They fall within the eligible categories outlined in the BBVA SDGs Bond Framework and the Specific Environmental and Social Framework and are consistent with the categories and the target populations outlined in the ICMA SBP 2021.</p> <p>We conclude that the use or proceeds is appropriately described in the Bond documentation.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
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.	<p>Discussions with BBVA and review of the following documents:</p> <ul style="list-style-type: none"> • BBVA-SDGs-Bond-Framework_24042018_Eng • BBVA’s Environmental and Social Framework (March 2021) • BBVA List of eligible social projects • BBVA Criteria for the selection of Social Loans • Investor presentation (Social Bond) 	<p>BBVA has selected projects for the Bond which fall under several social categories: Affordable Basic Infrastructure, Access to Essential Services, Socioeconomic Advancement and Empowerment, and Affordable Housing.</p> <p>The Eligible Social Projects aim to provide, among others, the following social benefits: infrastructures of nursing homes for the elderly, improvement of telecommunications infrastructures in underserved areas, improvement of mobility facilities for pedestrians in developing areas, financial support to companies affected by the COVID-19 crisis, promoting universal access to essential services such as health, education and finance, financial support for families benefiting of social minimal income and victims of gender violence, affordable housing for excluded and / or marginalized populations and / or communities, etc.</p> <p>BBVA has selected those activities for their contribution to the company’s social commitment, as well as contribution (directly and indirectly) to UN SDG 3 Good health and well-being, UN SDG 4 Quality education, UN SDG 8 Decent work and economic growth, UN SDG 10 Reduced inequalities and UN SDG 11 Sustainable cities and communities.</p> <p>In order to make the benefits quantifiable, BBVA has provided a list of metrics for reporting social impact. BBVA also has presented an exhaustive list of projects to be financed by the Bond.</p> <p>Based on the evidence reviewed, DNV is of the opinion that the Bond will deliver clear social benefits.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1d	Refinancing share	In the event that a proportion of the proceeds may be used for refinancing, it is recommended that issuers provide an estimate of the share of financing vs. refinancing, and where appropriate, also clarify which investments or project portfolios may be refinanced	<p>Discussions with BBVA and review of the following documents:</p> <ul style="list-style-type: none"> • BBVA Draft TS SP Bono Social (Social Bond Draft Termsheet) • BBVA Offering circular: Global Medium Term Note Programme, July 2020 • BBVA-SDGs-Bond-Framework_24042018_Eng • BBVA List of eligible social projects • BBVA Criteria for the selection of Social Loans 	<p>BBVA has provided evidence it already has a pool of Eligible Social Projects and has described that it intends to allocate funds to finance ongoing and/or future Eligible Social Projects from the date of issuance of the Bond, as well as refinance eligible investments to which disbursements have been made since 2018, in line with the BBVA SDGs bond Framework</p> <p>BBVA have also outlined that 96% of the proceeds are expected to be used for financing new eligible projects, with the remainder re-financing other social projects.</p> <p>DNV is of the opinion that there is a clear process in place for managing the use of proceeds through the approach selected by BBVA.</p>

2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	Work Undertaken	DNV 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 	<p>Discussions with BBVA and review of the following documents:</p> <ul style="list-style-type: none"> • BBVA Draft TS SP Bono Social (Social Bond Draft Termsheet) • BBVA Offering circular: Global Medium Term Note Programme, July 2020 • BBVA-SDGs-Bond-Framework_24042018_Eng 	<p>The governance procedure for project selection and evaluation process has been updated. Sustainable Finance Working Group and BBVA SDGs Bonds Committee, as indicated in the SDGs Bond Framework, have been replaced by a Working Group Standards.</p> <p>The governance process has changed since the new Global Sustainability Office (GSO) was created in</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		<p>eligible Social Projects categories identified in the ICMA SBP 2021;</p> <ul style="list-style-type: none"> The criteria making the projects eligible for using the Social Bond proceeds. 	<ul style="list-style-type: none"> Minutes from BBVA WG-Standards (2021.08.24_Acta de Reunion) Sustainability General Policy of BBVA (October 2020) Investor presentation (Social Bond) 	<p>2020, following a two steps approach: selection of eligible social projects is performed by an internal working group represented by responsible business, finance, fixed income origination and sustainable finance; afterwards, identified assets are approved by the “Working Group – Standards” which members are the same as the substituted Sustainable Finance Working Group and BBVA SDGs Bonds Committee. BBVA SDGs Bond Framework is being updated.</p> <p>DNV concludes that the activities financed by the Bond will be appropriately evaluated and selected, in line with the SDGs Bond Framework and last update.</p>
2b	<p>Issuer’s environmental and social and governance framework</p>	<p>In addition to information disclosed by an issuer on its Social Bond process, criteria and assurances, investors may also take into consideration the quality of the issuer’s overall framework and performance regarding social sustainability.</p>	<p>Discussions with BBVA and review of the following documents:</p> <ul style="list-style-type: none"> BBVA-SDGs-Bond-Framework_24042018_Eng Investor presentation (Social Bond) Sustainability General Policy of BBVA (October 2020) BBVA’s Environmental and Social Framework (March 2021) BBVA 2020 Green and Social Bond Report. BBVA Annual Report 2020 BBVA and Human Rights Commitment (December 2020) 	<p>BBVA has made available to DNV its social policies, green and social bond reports and sustainability reports.</p> <p>These documents describe BBVA’s mechanisms for monitoring the effectiveness of its social and governance commitments, results and plans for the future.</p> <p>BBVA has outlined within Sustainability General Policy and Environmental and Social Framework its firm-wide guidelines to environmental and social risk management processes how this is incorporated into their due diligence process, engagement with companies, supplier expectations and operations</p> <p>DNV concluded that, from the information provided and publicly available information, the Bond is in line with BBVA’s firm-wide approach to managing social activities.</p>

3. Management of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure	The net proceeds of the Social Bond, or an amount equal to these net proceeds, 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 the issuer in a formal internal process linked to the issuer's lending and investment operations for Social Projects.	Discussions with BBVA and review of the following documents: <ul style="list-style-type: none"> • BBVA Draft TS SP Bono Social (Social Bond Draft Termsheet) • BBVA Offering circular: Global Medium Term Note Programme, July 2020 • BBVA-SDGs-Bond-Framework_24042018_Eng • BBVA List of eligible social projects • BBVA Criteria for the selection of Social Loans 	All funding will be tracked meeting SDGs Bond Framework during the lifetime of the Bond. BBVA will intend to maintain a buffer of projects (portfolio approach) above the proceeds arising from the issuance of the Social Bond. DNV finds that the tracking will be done in an appropriate manner and attested to by a formal internal process.
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.	Discussions with BBVA and review of the following documents: <ul style="list-style-type: none"> • BBVA Draft TS SP Bono Social (Social Bond Draft Termsheet) • BBVA Offering circular: Global Medium Term Note Programme, July 2020 • BBVA-SDGs-Bond-Framework_24042018_Eng 	DNV concludes 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	Discussions with BBVA and review of the following documents: <ul style="list-style-type: none"> • BBVA Draft TS SP Bono Social (Social Bond Draft Termsheet) • BBVA Offering circular: Global Medium Term Note Programme, July 2020 	DNV concludes that BBVA has disclosed how it will manage any unallocated proceeds within its liquidity portfolio.

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
		instruments for the balance of unallocated proceeds.	<ul style="list-style-type: none"> • BBVA-SDGs-Bond-Framework_24042018_Eng 	
3d	Over-collateralisation	n/a	<p>Discussions with BBVA and review of the following documents:</p> <ul style="list-style-type: none"> • BBVA Draft TS SP Bono Social (Social Bond Draft Termsheet) • BBVA Offering circular: Global Medium Term Note Programme, July 2020 • BBVA-SDGs-Bond-Framework_24042018_Eng • BBVA List of eligible social projects • BBVA Criteria for the selection of Social Loans 	DNV 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 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.	Discussions with BBVA and review of the following documents: <ul style="list-style-type: none"> • BBVA-SDGs-Bond-Framework_24042018_Eng • Criteria for the selection of Social Loans. • BBVA 2020 Green and Social Bond Report. • BBVA Annual Report 2020 	<p>BBVA has committed to providing information to investors on the allocation and impact of the Bond in a public report. Relevant quantitative impact indicators have been defined.</p> <p>We have reviewed current reporting for previous issues and confirm BBVA is meeting the requirements within the BBVA SDG Bond Framework.</p> <p>DNV concludes that BBVA has made appropriate plans to produce reporting on the allocation and social impacts of the Bond.</p>