



BBVA INAUGURAL SWISS FRANC GREEN BOND

DNV INDEPENDENT ASSESSMENT

Scope and Objectives

Banco Bilbao Vizcaya Argentaria S.A. and its affiliates and subsidiaries (henceforth referred to as “BBVA Group”) offers retail, wholesale, and investment banking services. The Bank offers, among others, consumer and mortgage loans, private banking, asset management, insurance, mutual funds, and securities brokerage services. BBVA Group has a solid leading position in Spain, is the largest financial institution in Mexico, and has leading franchises in South America. It is also the leading shareholder in Turkey's Garanti BBVA and has an important investment, transactional and capital markets banking business in the U.S.

BBVA Group is intending to issue an Inaugural Swiss Franc Green Bond (henceforth referred to as “the Bond”) under its existing SDG Bond Framework (2018). This is BBVA's first Swiss Franc Green public Bond.

DNV GL Business Assurance Services Limited (“DNV”) has been commissioned by BBVA Group to provide a review of BBVA's Green Bond Issuance (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 debt instruments issued via the Bond, the value of any investments in the debt instrument, or the long term environmental 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 Team of BBVA Group and DNV

The management team of BBVA Group 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 Group's management team, and other interested stakeholders, as to whether the Bond is aligned with the Green Bond Principles 2021 (GBP) issued by ICMA. DNV's assessment is supplemented with international guidelines and standards, as well as DNV's own technical expertise to assess the eligibility of the Bond. In our work, we have relied on the information and the facts presented to us by BBVA Group. 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 based on information or data provided by BBVA Group management are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by BBVA Group and used as a basis for this assessment were not correct or complete.

Basis of DNV's opinion

We have adapted our eligibility assessment methodology to create BBVA Group-specific Bond Eligibility Assessment Protocol (henceforth referred to as “Protocol”). 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 Green, Social, or Sustainable debt instrument must use the funds raised to finance or refinance eligible activities. The eligible activities should produce clear environmental and social benefits.
- **Principle Two: Process for Project Evaluation and Selection.** The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a Green, Social or Sustainable debt instrument, should outline the process it follows when determining the eligibility of an investment using the proceeds and outline any impact objectives it will consider.
- **Principle Three: Management of Proceeds.** The Management of Proceeds criteria is guided by the requirements that a Green, Social or Sustainable debt instrument should be tracked within the issuing organisation, 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 instrument investors should be made of the use of Green, Social or Sustainable debt instrument 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 Group 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 a BBVA Group-specific Protocol, adapted to the purpose of the Bond as described above;
- Assessment of the documentary evidence provided to us by BBVA Group on the Bond, supplemented by high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Discussions with BBVA Group's management, and a review of the relevant documentation and evidence related to the criteria of the Protocol; and
- Documentation of the findings against each element of the criteria, as detailed in Schedule 2 of this document.

Our opinion, as detailed below, is a summary of these findings.



Findings and DNV's opinion

DNV's findings are listed below:

1. Principle One: Use of Proceeds.

BBVA Group intends to use the proceeds from the issuance of the Bond to re-finance green projects which contribute to the achievement of the SDG's. Four projects have been reviewed for the issuance, all projects financed via the bond proceeds will fall in the **Green Category** of Renewable energies.

DNV concludes that BBVA is committed to issuing this Bond in line with the SDG Bond Framework. The eligible category outlined above and in the SDG Bond Framework is consistent with the categories outlined in the ICMA GBP 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.

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

DNV has reviewed evidence of the SDG Bonds Committee and the evaluation and selection of Eligible Projects 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 GBP 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 refinancing BBVA's green projects which contribute to the achievement of the SDG's.

BBVA Group 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.

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 GBP 2021.



Page 4 of 10

4. Principle Four: Reporting.

DNV can confirm BBVA Group 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 Group 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 environmental or social impacts per eligible category issued in line with the SDG Bond Framework. BBVA Group clearly outline the proposed impact indicators for each eligible category and units of measurement.

DNV has reviewed BBVA's 2021 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.

On the basis of the information provided by BBVA Group 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 definitions of green bonds within the GBP 2021.

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

Madrid, October 3rd, 2022

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

Lars Appel
Project Manager
DNV – Business Assurance

A handwritten signature in blue ink, appearing to read "Juan Andrés Salido".



Juan Andrés Salido
Project Sponsor and Technical Reviewer
DNV – Business Assurance

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.

SCHEDULE 1: DESCRIPTION OF ACTIVITIES TO BE FINANCED UNDER THE BBVA GROUP GREEN BOND

ICMA Eligible Categories	Description of the Eligible Activities / Projects	SDG alignment
<ul style="list-style-type: none"> Green categories: 		
Renewable energy	Wind and solar farms Electricity transmission and distribution projects when connecting to defined renewable energy assets.	 

SCHEDULE 2: BBVA GROUP-SPECIFIC GREEN BOND PROTOCOL

1. Use of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Type of Bond	<p>The Green instrument must fall in one of the following categories, as defined by the Principles:</p> <ul style="list-style-type: none"> • Use of Proceeds Bond • Use of Proceeds Revenue Bond • Project Bond • Securitized Bond. <p>Green instrument are defined as any type of instrument made available, exclusively to finance or re-finance, in whole or in part, new and/or existing Eligible Sustainable Projects.</p>	<p>Evidence reviewed:</p> <ul style="list-style-type: none"> • BBVA SDG Bond Framework 2018 • BBVA Draft Termsheet • BBVA-GMTN.Offering-Circular 2022 • Discussions with issuer 	<p>BBVA Group has committed to this Bond issuance falling into the category of a Use of Proceeds Bond.</p>
1b	Green Project Categories	<p>The cornerstone of a Green instrument is the utilisation of the proceeds, which should be appropriately described in the legal documentation for the instrument.</p>	<p>Evidence reviewed:</p> <ul style="list-style-type: none"> • BBVA SDG Bond Framework 2018 • BBVA Draft Termsheet • BBVA-GMTN.Offering-Circular 2022 • List of eligible evaluated collateral projects • Discussions with issuer 	<p>We conclude that the legal documentation confirms the utilization of proceeds and commits to adhere to the SDG Bond Framework.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1c	Green benefits	All designated Green Project categories should provide clear environmentally sustainable or social benefits which, where feasible, will be quantified or assessed by the issuer.	Evidence reviewed: <ul style="list-style-type: none"> • BBVA SDG Bond Framework 2018 • BBVA Draft Termsheet • BBVA-GMTN.Offering-Circular 2022 • List of eligible evaluated collateral projects • Commercial draft presentation • Discussions with issuer 	The Green Eligible Categories aim to support the increase in renewable and clean energy use and generation. DNV concludes that these categories help facilitate the transition to a low-carbon economy and provide a clear environmental benefit.
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.	Evidence reviewed: <ul style="list-style-type: none"> • BBVA SDG Bond Framework 2018 • BBVA Draft Termsheet • BBVA-GMTN.Offering-Circular 2022 • List of eligible evaluated collateral projects • WG Standards project evaluation • Discussions with issuer 	Proceeds will be dedicated to refinance collateral projects. All collateral projects have been financed in August 2022.

2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Investment-decision process	The issuer of a Green instrument should outline the decision-making process it follows to determine the eligibility of projects using instrument proceeds.	<p>Evidence reviewed:</p> <ul style="list-style-type: none"> • BBVA SDG Bond Framework 2018 • BBVA Draft Termsheet • BBVA-GMTN.Offering-Circular 2022 • List of eligible evaluated collateral projects • WG Standards project evaluation • Discussions with issuer 	We conclude that the investment decision process is well documented in the SDG Bond Framework and committed to under this issuance.
2b	Issuer's governance framework	In addition to the information disclosed by an issuer on its Green Instrument process, criteria and assurances, investors may also take into consideration the quality of the issuer's overall framework and performance regarding environmental sustainability.	<p>Evidence reviewed:</p> <ul style="list-style-type: none"> • BBVA SDG Bond Framework 2018 • Annual Report 2021 • BBVA TCFD Report December 2021 • General Corporate Social Responsibility Policy BBVA 2020 • Sustainability General Policy of BBVA • Commercial draft presentation • Discussions with issuer 	Based on the information reviewed, DNV concludes that BBVA Group has in place the appropriate level of corporate governance, and the relevant social and environmental policies to observe and fulfil its commitment to its sustainability priorities and to the relevant UN SDGs. DNV can also confirm that the Framework and its associated eligible categories are aligned with BBVA Group's broader sustainability strategy, accelerating the transformation of the Bank, supporting the Bank's Purpose "To bring the age of opportunity to everyone" and contributing to the strategic priority of "helping their clients transition toward a sustainable future".

3. Management of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure	<p>The net proceeds of a Green instrument 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 Green Projects.</p> <p>So long as the Green Instrument are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible Green investments disbursements made during that period.</p>	<p>Evidence reviewed:</p> <ul style="list-style-type: none"> • BBVA SDG Bond Framework 2018 • BBVA Draft Termsheet • BBVA-GMTN.Offering-Circular 2022 • List of eligible evaluated collateral projects • WG Standards project evaluation • Commercial draft presentation • Discussions with issuer 	<p>We conclude that the investment decision process is well documented in the SDG Bond Framework and committed to under this issuance.</p>
3b	Temporary holdings	<p>Pending such investments or disbursements to Eligible Projects, the issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.</p>	<p>Evidence reviewed:</p> <ul style="list-style-type: none"> • BBVA SDG Bond Framework 2018 • BBVA Draft Termsheet • BBVA-GMTN.Offering-Circular 2022 • List of eligible evaluated collateral projects • WG Standards project evaluation • Commercial draft presentation • Discussions with issuer 	<p>DNV can confirm that BBVA Group has appropriately disclosed how it will manage any unallocated proceeds within its portfolio. We can also confirm that this is in line with the Framework and the requirements set out under the GBP.</p>
3c	Over-collateralisation	n/a	<p>Evidence reviewed:</p> <ul style="list-style-type: none"> • BBVA SDG Bond Framework 2018 • BBVA Draft Termsheet • BBVA-GMTN.Offering-Circular 2022 • List of eligible evaluated collateral projects 	<p>List of eligible evaluated collateral projects are included in the Group's green drawn eligible portfolio which in turn exceeds the outstanding amount of green bonds and the new expected green issuance.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
			<ul style="list-style-type: none"> • WG Standards project evaluation • Commercial draft presentation • Discussions with issuer 	

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 instrument 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 environmentally sustainable impact.	<p>Evidence reviewed:</p> <ul style="list-style-type: none"> • BBVA SDG Bond Framework 2018 • Annual Report 2021 • BBVA TCFD Report December 2021 • WG Standards project evaluation • Commercial draft presentation • BBVA-2021-green-and-social-bond-report • Discussions with issuer 	<p>DNV can confirm BBVA Group 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 Group 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 environmental or social impacts per eligible category issued in line with the SDG Bond Framework. BBVA Group clearly outline the proposed impact indicators for each eligible category and units of measurement. DNV has reviewed BBVA's 2021 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.</p>