BBVA’S SUSTAINABILITY STRATEGY

Building a greener and more inclusive future

2023 June
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 any of the aforementioned companies. 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 pertinent prospectus filed by the company in relation to such specific issue. 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.

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 counterparts. 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 periodical 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.

BBVA or any entity of its group expressly disclaims any liability which may arise from any errors or omissions in the information contained in this document. In no event shall BBVA or any entity of its group, its branches, and/or its directors, officers, employees and authorized personnel be liable for any damages, losses, claims or expenses of any kind, which may result from the use of this document or its content.

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.
The world is living in an age of **unprecedented changes**

**Climate change**

Current climate trend (above pre-industrial levels)¹

**Growing social inequalities**

1.4 Bn unbanked
Adults with no account, 2021²

**Nature degradation**

3 planets
Needed to satisfy 2050 consumption demands³

---

¹ IPCC, 2022: Climate Change 2022: Impacts, Adaptation and Vulnerability
Sustainability is at the core of BBVA's Strategy

Helping our clients transition towards a sustainable future

OUR STRATEGIC PRIORITY

To bring the age of opportunity to everyone

OUR PURPOSE

Clear roadmap with 3 goals

OUR SUSTAINABILITY STRATEGIC PLAN
Our ambition is to support business growth and manage our impacts, **with 3 main goals and indicators**

**Foster new business through sustainability**

To channel sustainable business

BBVA’s 2025 Goal

€300 Bn

FROM 2018 TO 2025

Climate change & Inclusive growth

**Achieve Net Zero 2050**

2030 Portfolio Alignment Targets for 6 carbon intensive sectors

- OIL & GAS
- POWER GENERATION
- AUTO
- STEEL
- CEMENT
- COAL

Working on the targets of more sectors: AVIATION & SHIPPING

Decarbonization targets for Asset Management portfolio

100% RENEWABLE ENERGY USE BY 2030 IN OUR OWN OPERATIONS

**Make a positive impact**

Community investment

BBVA’s 2025 Community Investment Goal

€550 Mn

FROM 2021 TO 2025
We are bringing sustainable business **to the next level**

**Tripled our sustainable business¹ target**

- **€169 Bn** channeled since 2018
- **New target** (2022) **300 €Bn**
- **Revised target** (2021) **200 €Bn**
- **Initial target** (2018) **100 €Bn**

<table>
<thead>
<tr>
<th>Year</th>
<th>2023</th>
<th>June 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Channeled since 2018</td>
<td>€169 Bn</td>
<td></td>
</tr>
</tbody>
</table>

**with a holistic approach that includes all business segments**

**BY PRODUCT**
- **4% Project finance**
- **4% Investment products ²**
- **18% Bonds ³**
- **74% Financing**

**BY CUSTOMER**
- **€26Bn**
  - Retail: +78%
  - Enterprises: +121%
  - CIB: -1%

<table>
<thead>
<tr>
<th>Year</th>
<th>6M22</th>
<th>6M23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Channeled in 6M23 vs 6M22</td>
<td>€33Bn</td>
<td>€169 Bn</td>
</tr>
</tbody>
</table>

¹Sustainable business channeling is considered to be any mobilization of funds, cumulatively, towards activities or clients considered to be sustainable in accordance with existing regulations, internal and market standards and best practices. The foregoing is understood without prejudice to the fact that said mobilization, both at an initial stage or at a later time, may not be registered on the balance sheet. To determine the funds channeled to sustainable business, internal criteria is used based on both internal and external information.

²Non-Project Finance and transactional banking activity
³Bonds in which BBVA acts as bookrunner
⁴Investment products art. 8 or 9 under Sustainable Finance Disclosure Regulation (SFDR) or similar criteria outside the European Union, managed, intermediated or marketed by BBVA. Includes, in Retail: structured deposits, insurance policies for electric vehicles and self-renting of electric vehicles, mainly; and in CIB and Enterprise: structured deposits, mainly.
Working on **5 growth levers**

1. **Sectorial strategies for Corporate clients**
   - Focusing on low carbon technologies and high emitting sectors leveraging advisory capabilities

2. **Boost Enterprise business**
   - Developing products with focus on 6 themes (Auto, Real Estate, Agriculture, Supply Chain, Power, Inclusive Growth) leveraging our know-how with Corporate clients

3. **Launching business big bets to fast-expand**
   - Our retail business leveraging our digital edge

4. **Financing new sustainable technologies, currently non-bankable**
   - Under traditional financing structures

5. **Developing best in class risk management capabilities linked to sustainability**
   - Leading the financing of these technologies (Hydrogen, batteries, carbon capture, use and storages technologies ...)
   - Achieving superior risk management capabilities are key elements to foster growth
### Sectorial strategies for Corporate clients

**Focus on low carbon technologies and high emitting sectors...**

Sectoral plans to proactively address portfolio alignment and climate transition

<table>
<thead>
<tr>
<th>Sector</th>
<th>Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>POWER</td>
<td>Renewables</td>
</tr>
<tr>
<td>O&amp;G</td>
<td>Alternative feedstocks and scope 1&amp;2 emissions</td>
</tr>
<tr>
<td>AUTOMOTIVE</td>
<td>Fleet decarbonization and infrastructure for electric vehicles</td>
</tr>
<tr>
<td>INDUSTRY (STEEL, CEMENT...)</td>
<td>Electrification and hydrogen for industrial heating</td>
</tr>
<tr>
<td>REAL ESTATE</td>
<td>Energy efficiency / insulation and solar distributed generation</td>
</tr>
<tr>
<td>AGRICULTURE</td>
<td>Agricultural innovation and decarbonization of on-farm energy</td>
</tr>
<tr>
<td>NEW TECHNOLOGIES</td>
<td>Hydrogen, batteries and CCUs (Carbon Capture, Use and Storage)</td>
</tr>
<tr>
<td>SUPPLY CHAIN FINANCE</td>
<td>Decarbonization financing of suppliers</td>
</tr>
</tbody>
</table>

...enhancing advisory capabilities to finance our clients’ transition strategies...

- Growing **advisory teams** with focus on sustainability
- Developing **industry verticals teams**, to increase knowledge specialization
- Creating a **Sustainability Network of expertise**
Leveraging on our long standing innovation trajectory

- 2022: Water footprint loan
- 2021: Project finance for electric vehicles
- 2020: Green CoCo bond
- 2019: Structured green bond on DLT
- 2018: Green buyers credit – ECA
- 2017: Green hybrid bond emission
- 2007: Green bond

With good trends in sustainable business

CIB: Sustainable business channeled (2018-June 2023)

€106.3Bn

€17.8Bn
Boost Enterprise business

Developing standardized products on 6 themes, and leveraging on client’s efficiency goals...

...creating devoted teams in some geographies...

...developing new sustainable solutions for clients

Specialized teams that leverage CIB experience and capabilities to capture business of enterprises clients stepping into transition projects

Entreprises: Sustainable business channeled (2018-June 2023) €36.3Bn

ENERGY EFFICIENCY SOLUTIONS

First mover bank to use data analytics to calculate companies’ carbon footprint
Launching business big bets to fast-expand our Retail business leveraging our digital edge

Leveraging sustainable business and our digital transformation (a win-win alliance) to expand our digital offer...

... while creating an innovative and disruptive value proposition in specific verticals

Digitalization

1. Boosts inclusiveness for the underbanked,
2. Brings sustainable solutions to mass markets, and
3. Data analytics to identify risks and opportunities

BBVA, first mover in calculating the carbon footprint of its private customers in the APP

Created devoted teams to develop new solutions

- AUTO
- ENERGY EFFICIENCY
- VOLUNTARY CARBON MARKETS

Retail: Sustainable business channeled (2018-June 2023)

- €20.3Bn
- €5.1Bn
# Financing new sustainable technologies currently non-bankable under traditional financing structures

<table>
<thead>
<tr>
<th>WHY</th>
<th>HOW</th>
<th>WHAT WE ARE DOING</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>Developing risk mitigation structures</td>
</tr>
</tbody>
</table>
|      | **Leading the financing of new technologies** (H₂, batteries, CCUs...)  
With the aim of being a benchmark in the ecosystem |      |
|      | 2   | Defining a specific risk admission process and an investment ceiling |
|      | **Participating in projects**  
Capturing current window of opportunity |      |
|      | 3   |      |
|      | **Focused on RORC as the critical variable** |      |
Developing best in class risk management capabilities in sustainability

**STRATEGY**
- Risk Appetite Framework

**INTERNAL TAXONOMY**
- Transition Risks
- Physical Risks

**CREDIT POLICIES**
- Wholesale Credit Industry Frameworks
- Retail Operating Frameworks

**CREDIT PROCESSES**
- Onboarding
- Client review
- Loan approval

**MEASURE**
- Financed carbon footprint

**TARGET SETTING**
- Portfolio alignment

**MANAGEMENT TOOLS**
- Transition Risk Indicator (TRI)
- ESG non-financial risks Framework
Implementing portfolio alignment strategy and focus on the management indirect emissions

<table>
<thead>
<tr>
<th>Sector</th>
<th>High Transition Risk Wholesale EAD Dec. 22</th>
<th>Metric</th>
<th>BBVA baseline (2020)</th>
<th>2021</th>
<th>2022</th>
<th>Target Reduction (2030)</th>
<th>Reduction 2022 vs baseline</th>
</tr>
</thead>
<tbody>
<tr>
<td>OIL &amp; GAS</td>
<td>4.8%</td>
<td>Absolute emissions upstream (M t CO₂e)</td>
<td>14</td>
<td>-</td>
<td>-30%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>POWER GENERATION¹</td>
<td>3.2%</td>
<td>Emission intensity (kg CO₂e/MWh)</td>
<td>221</td>
<td>199</td>
<td>212</td>
<td>-52%</td>
<td>-4.1%</td>
</tr>
<tr>
<td>AUTO</td>
<td>2.2%</td>
<td>Emission intensity (g CO₂/v-km)</td>
<td>205</td>
<td>202</td>
<td>195</td>
<td>-46%</td>
<td>-4.9%</td>
</tr>
<tr>
<td>STEEL</td>
<td>1.4%</td>
<td>Emission intensity (kg CO₂/t steel)</td>
<td>1270</td>
<td>1250</td>
<td>1140</td>
<td>-23%</td>
<td>-10.2%</td>
</tr>
<tr>
<td>TRANSPORTATION (Aviation &amp; shipping)</td>
<td>0.7%</td>
<td>Emission intensity</td>
<td>To be defined in 2023</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CEMENT</td>
<td>0.6%</td>
<td>Emission intensity (kg CO₂/t cement)</td>
<td>700</td>
<td>690</td>
<td>690</td>
<td>-17%</td>
<td>-1.4%</td>
</tr>
<tr>
<td>COAL MINING</td>
<td>0.1%</td>
<td>Portfolio trend (€mn)³</td>
<td>1.701</td>
<td></td>
<td></td>
<td></td>
<td>*</td>
</tr>
</tbody>
</table>

12.95% of wholesale EAD
(6.69% of Group’s EAD)

*Phase-out plan 2030 in developed countries and 2040 in the rest of the geographies where it operates, under the terms provided in the Environmental and Social Framework

1Power does not include renewable energy (they are not High Transition Risk)
2Oil & Gas baseline year 2021. Quality improvements reflected in the baseline and in the targets, maintaining the % reduction effort defined.
3Total commitment (€mn)

Fostering sustainable business and client transition... through a new business origination model to capture the dynamic nature of our clients’ strategies with forward-looking approaches
Developing specific tools to assess clients transition that are integrated in credit policies

The Transition Risk Indicator is a combination of 2 metrics...

20% climate change awareness (CCA)
- 25% Metrics & Targets
- 25% Governance model
- 25% Risk Management
- 25% Strategy

80% carbon transition assessment (CTA)
- 25% Exposure to medium - term technology / policy / market risk
- 40% Medium term response activities
- 35% Current low carbon transition business profile

...that combined with the credit policies provides a holistic assessment of the transition of each client and

Transition Risk Indicator

Potential increase in share of business with top rated clients

Qualitative assessment for the decision making process

Engagement plan

Risk mitigation initiatives

Intrinsic credit rating pre-sovereign cap

ADVANCED

STRONG

MODERATE

POOR

AAA  AA+  AA  AA-  A+  A  A-  BBB+  BBB  BBB-  BB+  BB  BB-  B+  B  B-  CCC+  CCC
Leveraging on sectoral plans to manage portfolio alignment goals

BBVA develops sectoral plans for each sector for which a target has been set.

Transition Risk Indicator (TRI) is a key input for each sectoral plan, as it enables tiering of clients and tailored made advice.

Sectoral plans enable to set internal decarbonization targets for each sector on an annual basis.

A specific governance has been designed to steer progress in each sector, involving all relevant teams across business and risk areas.

Transition Risk Indicator (TRI)

The size of the circles represents the number of customers in each category.
Making a positive impact on the society

**Impact on society...**

- **€550 Mn investment in the community**
  - As of Dec 22
  - 100 Mn people reached

- **€237.2 mill invested**
  - 62.2 mill reached

- **1st foundation in contribution to development in LatAm, and**

- **2nd initiative globally, for the third consecutive year¹**

**...through our activity**

- Promoting a relationship with **customers** based on transparency and responsibility
- Engaging our **employees** with a values-driven organization that enrich talent with a diverse and inclusive team

**NEW 2024 TARGET**

- **35% women in management positions**

**Decarbonization of our operations** by reducing the environmental footprint and offsetting emissions

**...with a strong corporate governance...**

- A solid and effective **Corporate Governance System at Board level**
- A **Global Sustainability Area at management level** that has a business oriented focus at the top of the organization

**Doing sustainable business in the right way with a strong **Compliance Framework** to oversee Non Financial Risks**

**...and committed to transparency**

- Fourth TCFD disclosed

¹According to Private Philanthropy for Development report published by the OECD
BBVA is rewarded internationally for its sustainability focus

**SUSTAINABILITY AWARDS**

- **World Leader in Sustaining Communities (2023)**
- **The Best Supply-Chain Finance Provider in Latin America (2023)**
- **World’s Best Foreign Exchange Bank (2023)**
- **Best Trade Finance Provider in Latin America, Spain, Peru, Uruguay and Turkey (2023)**
- **Top Employer in Spain (2023)**
- **Outstanding Leadership in Green Bonds in Western Europe (2023)**
- **Global bank of the year and best bank in Spain, Western Europe, Peru and Colombia (2022)**
- **Bank and Investment Bank of the year in Mexico (2022)**
- **Several deals of the year awards (2022)**
- **FT leading diversity company (2021)**
- **UN Women case study on BBVA’s “Work Better Enjoy Life” successful program (2020)**

**SUSTAINABILITY INDEX ON WHICH BBVA IS LISTED**

- **1st European Bank**
- **2nd Worldwide Bank**

- **Gender - Equality Index Score**: 77.35/100
- **Score**: 57/100
- **AA rating**
- **Score**: 4.7/5
- **C rating**
- **ESG Risk Rating**: 22.5 (medium risk)