

BBVA SDG 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. Banco Bilbao Vizcaya Argentaria operates in Europe, Latin America, United States, China, and Turkey.

BBVA is intending to issue Green, Social and Sustainability Bonds (henceforth referred to as "the Bond"). The purpose of the Bonds is to finance projects and entities that support the Sustainable Development Goals ("SDG's").

DNV GL Business Assurance Services Limited ("DNV GL") has been commissioned by BBVA to provide a review of BBVA's SDG Bond Framework. 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 Bonds issued via the BBVA SDG Framework, the value of any investments in the Bond, or the long term environmental & social benefits of the transaction. Our objective has been to provide an assessment that the Bond Framework 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 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 Framework as to whether the Framework is aligned with Green Bond & Social Bond Principles. 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 green bond eligibility assessment methodology to create a BBVA specific Green, Social & Sustainability 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.

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 bond must use the funds raised to finance eligible activities. The eligible activities should produce clear environmental & 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 bond should outline the process it follows when determining eligibility of an investment using Green, Social & Sustainability 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 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 a 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;
- Review of BBVA's published material with regards to BBVA's environmental & social activities relating to the company;
- Discussions with BBVA's 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.

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 loans, investments and projects which contribute to the achievement of the SDG's.

DNV GL concludes that the eligible categories outlined in the BBVA SDG Bond Framework are consistent with the categories outlined in the Green & 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 SDG Bond Framework which describes the process through which projects are evaluated and selected. The Framework clearly articulates the process by which eligibility is assessed, including the eligibility criteria and the business functions involved in assessing eligibility.

The 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.

3. Principle Three: Management of Proceeds.

DNV GL has reviewed evidence that states the use of proceeds of the Bond issuance will be directed to financing and re-financing BBVA's loans, investments and projects which contribute to the achievement of the SDG's. DNV GL can confirm that the proceeds from the Bond issuance will be matched on a portfolio.

BBVA intend for the full proceeds to be disbursed at point of issuance of any Bond under the 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 produce annual reporting 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 produce a 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. BBVA clearly outline the proposed impact indicators for each eligible category and units of measurement.

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

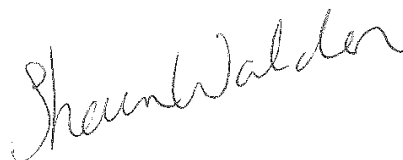
for DNV GL Business Assurance Services UK Limited

London, 19th April 2018

A handwritten signature in blue ink, appearing to read "DF", is positioned above the name Doug Farquhar.

Doug Farquhar

Principal Consultant and Project Director
DNV GL – Business Assurance

A handwritten signature in black ink, appearing to read "Shaun Walden", is positioned above the name 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 / EXAMPLE OF ASSETS TO BE FINANCED THROUGH THE BOND

Eligible Sustainable Category	Description	SDG
Renewable Energy	Generation of energy from renewable sources: wind, solar, biogas, biomass, thermal, waste to energy, small hydro (20MW and under). Manufacture of components of renewable energy technology: wind turbines, solar panels, etc Transmission and distribution projects when connecting to defined renewable energy assets	13 Climate Action
Energy Efficiency	Measures which reduce energy consumption by at least 30%. Includes the financing of retrofitting/improving/upgrading existing assets, as well as of new technology development and manufacture. Energy recovery (waste to energy) Green buildings. In order for green building financing to be included the asset must possess environmental certifications such as LEED (minimum silver), BREEAM (minimum good), HQE(minimum good), DNGB (minimum silver), or GBC España-VERDE among others. Other rigorous green building rating systems may be included and taken into consideration in the criteria	7 Affordable & Clean Energy

Sustainable Transport	Rail infrastructure and public mass transportation systems which contribute to reducing the circulation of cars. Examples include metro, light rails, buses, etc. Development, operation and upgrade of rail transports for goods. Transportation infrastructure Manufacture of above components	9 Industry, Innovation & Infrastructure
Water	Water collection, treatment, recycling, re-use, upgrades, technologies and related infrastructure	11 Sustainable Cities & Communities
Waste Management	Non-conventional waste management and disposal activities which include: source reduction, in-process recycling, reuse, resource recovery, and treatment	12 Responsible Production & Consumption

Education	Universities and other centers of tertiary education, primary and secondary schools, technical/vocational training centers and programs, capacity building, entrepreneurship, and literacy and numeracy training centers 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
Healthcare	Hospitals, medical equipment and technologies	3 Good Health & Wellbeing

SCHEDULE 2: BBVA SPECIFIC GREEN, SOCIAL & SUSTAINABILITY BOND FRAMEWORK 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 Green Bond Principles: • Use of Proceeds Bond • Use of Proceeds Revenue Bond • Project Bond • Securitized Bond	Evidence reviewed: • BBVA SDGs Bond Framework_April_2018	The BBVA SDG Bond falls in the category of a Use of Proceeds Bond.
1b	Green Project Categories	The cornerstone of a Green Bond is the utilization of the proceeds of the bond which should be appropriately described in the legal documentation for the security.	Evidence reviewed: • BBVA SDGs Bond Framework_April_2018	We conclude that the Framework describes the proposed utilization of proceeds.
1c	Environmental & Social 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: • BBVA SDGs Bond Framework_April_2018	The Framework outlines the expected environmental & social benefits that will be realised by any Bonds issued under the Framework.
1d	Refinancing share	In the event that a proportion of the proceeds may be used for refinancing, it is recommended	Evidence reviewed: • BBVA SDGs Bond Framework_April_2018	We can confirm from the information provided and discussions with BBVA that the Bond proceeds will be used for the financing & re-financing on a 36-month

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
		that issuers provide an estimate of the share of financing vs. re-financing, and where appropriate, also clarify which investments or project portfolios may be refinanced.		look-back period.

2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
2a	Issuer's environmental and social and governance framework	In addition to information disclosed by an issuer on its Green Bond process, criteria and assurances, Green Bond investors may also take into consideration the quality of the issuer's overall framework and performance regarding environmental sustainability.	We reviewed: - BBVA SDGs Bond Framework_April_2018 - BBVA bond selection criteria_April2018 We also performed a desk based study and reviewed environmental and social governance documentation: - BBVA's Responsible Banking Report 2017	We conclude that, from the information provided, BBVA's approach to managing environmental & social sustainability is in line with the objective of the SDG Bond.

3. Management of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV GL Findings
3a	Tracking procedure	The net proceeds of Green 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 Green Projects.	Evidence reviewed: BBVA SDGs Bond Framework_April_2018	We conclude that the BBVA SDG Bonds will be tracked in an appropriate manner and attested to by a formal internal process.
3b	Tracking procedure	So long as the Green Bonds are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible green investments or loan disbursements made during that period.	Evidence reviewed: BBVA SDGs Bond Framework_April_2018	We conclude that there is a clear process in place for the tracking of the balance taking into account disbursements.
3c	Temporary holdings	Pending such investments or disbursements to eligible Green Projects, the issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	Evidence reviewed: BBVA SDGs Bond Framework_April_2018	We conclude that BBVA has disclosed how it will manage any unallocated proceeds within its liquidity portfolio.

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 Green 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 environmentally sustainable impact.	Evidence reviewed: BBVA SDGs Bond Framework_April_2018	We confirm BBVA has committed to produce an Annual SDG Bond Report which will provide investors with information on the selected projects and include quantification of the environmental, social and sustainable benefits of the selected projects.

