



December 2024

Annual Review of Sustainable Bonds

Introduction

BBVA is a bank oriented by a main purpose: “To make the opportunities of this new era available to everyone.” A purpose that seeks to have a positive impact on the lives of people, companies and society as a whole. Thus, BBVA's commitment to sustainability is possibly one of the clearest ways to materialize this purpose: helping its clients in the energy transition to confront climate change and betting on inclusive growth and a transition towards a low-carbon economy are the two axes of the group in terms of sustainability.

These objectives have relevant implications in the value chains of most productive sectors, and may require significant investments in numerous industries. However, technological advances around energy efficiency, renewable energy, efficient mobility or the circular economy also represent a source of new opportunities.

Aware of the important role of banking in the transition towards a sustainable future through its financing and advisory activity, BBVA has committed to gradually aligning its activity in accordance with the objectives set in the Paris Agreement and helping its clients in said transition. BBVA prioritizes the Sustainable Development Goals (SDGs) in which it can have a greater positive impact, taking advantage of the multiplier effect of banking.

In this context, the issuance of green and social bonds plays a key role in achieving the Bank's goals. This has been an activity that BBVA began since 2007 when it was part of the issuance of the first green bond by the European Investment Bank. Since then, the Bank has led, structured, advised and placed green and social bonds for its clients in Europe, the United States and Latin America.

Aligned with this, in 2018 BBVA developed a bond framework linked to the SDGs (the “BBVA SDG Framework” or the “Global Framework”) under which it can issue green, social or sustainable bonds. Subsequently, in 2022 BBVA issued a new Global Framework, updating and completing the guidelines established in the first. This, with the aim of supporting its clients in the transition towards a more sustainable future with financing, advice and innovative solutions.

The issuance of sustainable bonds lies in having a traceable procedure for verifying the appropriate destination of the proceeds, in order to be able to evaluate their impact, to promote and manage transformation initiatives that respond to the challenges posed by climate change. For this, BBVA developed and updated the previously mentioned Global Framework, for the issuance of green, social and sustainable bonds linked to the Sustainable Development Goals. This Global Framework details the scheme for selecting, contrasting, approving and monitoring the loans that support each of the issues. Furthermore, in May 2023 this Global Framework was complemented with a Standard for Financing Sustainable Activities (the “Standard”), which

details, for each of the geographies in which BBVA operates, the [selection, contrast, approval scheme. and monitoring of the loans that back each of the issues.](#)

Regarding BBVA Mexico, it stands out that it was the [first private bank to issue a Green Bond in the local market](#) for an amount of \$3,500 million pesos in September 2018, and it was once again a pioneer in June 2022, carrying out the [first issuance of a Social Bond by a private bank in the local market](#), for a total of \$10,000 million pesos (both issues under the BBVA Global Framework). Finally, in February 2023, BBVA México once again issued an issue aligned with these objectives, with a [Green Bond for a total of \\$8,689 million pesos.](#)

As of today, BBVA Mexico has two [ESG Bonds](#) current and outstanding, the Social Bond issued in 2022 and the Green Bond issued in 2023:

- The proceeds from the social bond are intended to finance microbusinesses, entrepreneurs and housing, in addition to financing hybrid or electric vehicle projects, and other energy efficiency and responsible production projects.
- On the other hand, the proceeds from the green bond are destined to finance public transportation projects that use electric and other low-carbon vehicles, as well financing the production of hybrid or electric vehicles.

In this regard, both bonds are part of [BBVA's strategy against climate change and in favor of sustainable development](#), allowing the Bank to align its activity with the United Nations SDGs and the Paris Agreement.



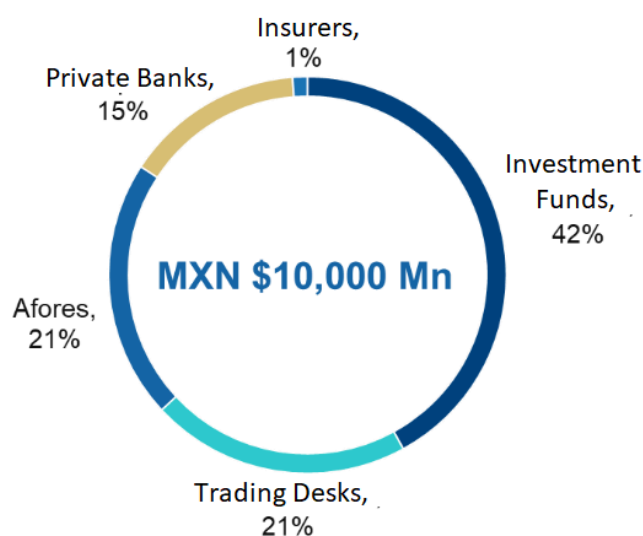


Social Bond

BBVAMX 22X

Basic data of BBVA Mexico's Social Bond

Issuer	BBVA México, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA México
Issuer Ratings	AAA(mex) / mxAAA / AAA.mx (Fitch / S&P / Moody's)
Ranking	Senior (Certificados Bursátiles Bancarios)
Size (MXN)	\$10,000 million pesos
Issue Date	June 23rd, 2022
Maturity Date	June 18th, 2026
Coupon	TIE overnight + 28 bps
Use of Proceeds	Projects focused on financing micro businesses, entrepreneurs and housing, as well as hybrid or electric vehicles and green projects.
Second Party Opinion	DNV (Det Norske Veritas)



- First sustainable bond placed by a private bank in Mexico.
- First issue carried out by a private company to use the TIE ON as a reference rate for an issue.
- Proceeds are destined to finance social projects, in accordance with the *Green and Social Bond Principles* as well as BBVA's global framework "*Sustainable Bond Issue Framework*" (Framework).

Use of Proceeds

The Social Bond issued in June 2022 by BBVA México is focused on five main axes: **Financing for SMEs and Microfinance**, **Affordable Housing**, **Energy Efficiency**, **Waste and Water Management**. Two years after its issuance, the commitment to evaluate the correct use of the obtained proceeds is reaffirmed.

Financing for SMEs and Microfinance

This axis includes financing granted to entrepreneurs in general, as well as those granted to microbusinesses and SMEs, in accordance with the following guidelines:

- **Entrepreneurs in general:** Individuals with business activity or legal entities who started a productive activity in a period of time less than 3.5 years before the issue date.
- **Microbusinesses and SMEs:** Individuals with business activity or legal entities who started a productive activity in a period greater than 3.5 years before the issue date and with a turnover of less than MXN 5 Mn when the loan was granted.

Affordable Housing

This axis includes credits granted for the purchase or rehabilitation of people's first home or habitual residence, in accordance with the following guidelines:

- **Housing financing:** People whose income threshold is a maximum of MXN 20,000 per month and whose home has a value equal to or less than MXN 1.0 Mn.

Energy Efficiency

This axis considers financing granted for the acquisition of electric or hybrid vehicles, in accordance with the following guidelines:

- **Hybrid and electric cars:** Vehicles with a tailpipe emission intensity of a maximum of 120g CO²e/km.

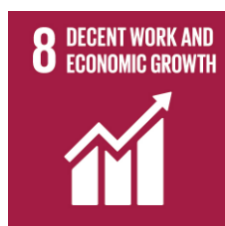
Waste Management, Energy Efficiency and Water: Green Loans Portfolio

In addition to the eligible portfolio previously presented, at the time of issuance two projects were identified that met the restriction of not having been granted more than 3 years before the issue date, in addition to being in compliance with the criteria of the Local Standard, particularly with the categories of Circular Economy and Sustainable Agriculture. In this sense, these projects are focused on the axis of **Waste Management, Energy Efficiency and Water**, in accordance with the following guidelines:

- **Waste Management:** Financing for the construction, equipment and installation of two high-density polyethylene (HDPE or HDPE) recycling plants capable of processing 40 thousand tons of material per year and generating 30 thousand tons of recycled resin, which will be taken up in their production processes.
- **Energy Efficiency, Waste and Water Management:** Financing for the construction, equipment and establishment of 117 hectares of blueberries in macrotunnel and inert substrate, in addition to having an automated drip irrigation system, with a hydroponic type.

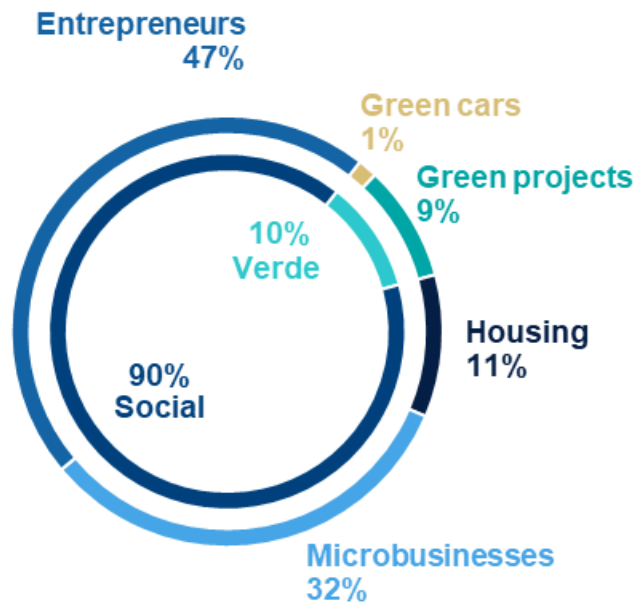
Alignment with the Sustainable Development Goals

The projects financed by the Social Bond are aligned with the following objectives:



Amount and distribution of the eligible portfolio

As of September 30, 2024, the balance of the portfolio that backs the Social Bond amounts to MXN 10,004 Mn, covering the entire issued amount.



Use and impact of the proceeds by SDG category

Selected portfolio	Description	Impacts as of 30/09/2024	Allocated amount as of 30/09/2024
8 Decent work and economic growth			
Entrepreneurs in general	Financing for individuals with business activity or legal entities who started a productive activity in a period of time less than 3.5 years before the issue date.	982 financed businesses and/or individuals with business activity	\$4,663,113,170
Microbusinesses and SMEs	Financing for individuals with business activity or legal entities who started a productive activity in a period greater than 3.5 years before the issue date and with a turnover of less than MXN 5 Mn when the loan was granted.	6,479 financed microbusinesses	\$3,252,792,660
10. Reduced inequalities			
Housing financing	Financing for people whose income threshold is a maximum of MXN 20,000 per month and whose home has a value equal to or less than MXN 1.0 Mn.	2,370 financed houses	\$1,068,949,070
7 Affordable and clean energy			
Hybrid and electric cars	Financing for the acquisition of vehicles with a tailpipe emission intensity of a maximum of 120g CO ² e/km.	637 financed cars / credits granted	\$147,186,363
12 Responsible consumption and production			
Project 1	Design, construction and installation of two high-density polyethylene (HDPE or HDPE) recycling plants, to produce resin that will be used in the company's production processes.	There is still no indicator, since the start of operations was delayed to the end of 2024.	\$519,693,353
11 Sustainable cities and communities / 7 Affordable and clean energy / 12 Responsible consumption and production			
Project 2	Construction of an automated drip irrigation system with hydroponic type for 117 hectares of blueberries in macrotunnel, inert substrate and drip irrigation.	The use of these systems achieves up to 60% of water savings. ¹	\$352,611,666
Total			\$10,004,346,281

¹ Estimation according to the Mexican Society of Protected Agriculture Specialists in Mexico SMEAP (*Sociedad Mexicana de Especialistas en Agricultura Protegida en México*).

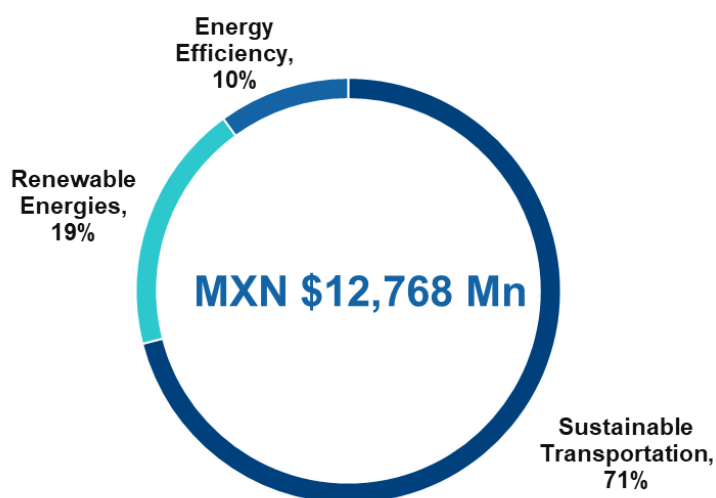


Green Bond

BBVAMX 23V

Basic data of BBVA Mexico's Green Bond

Issuer	BBVA México, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA México
Issuer Ratings	AAA(mex) / mxAAA (Fitch / S&P)
Ranking	Senior (Certificados Bursátiles Bancarios)
Size (MXN)	\$8,689 million pesos
Issue Date	February 20th, 2023
Maturity Date	February 15th, 2027
Coupon	TIE overnight + 32 bps
Use of Proceeds	Projects focused on financing public transportation projects that will use electric and other low-carbon vehicles, the repowering of nine hydroelectric plants, and the production of hybrid or electric vehicles.
Second Party Opinion	DNV (Det Norske Veritas)



- Second green bond issued by BBVA Mexico.
- At the time of issuance, the portfolio amounted to more than MXN 12,000 Mn.
- Proceeds are destined to finance green projects, in accordance with the *Green and Social Bond Principles* as well as BBVA's global framework "*Sustainable Bond Issue Framework*" (Framework).

Use of Proceeds

One of the main axes of BBVA's business model is the integration of opportunities that surface from the fight to guarantee [global sustainability](#) and, therefore, the provision of innovative financing solutions for our clients, capable of generating positive environmental and social impacts.

The issuance of [sustainable bonds](#) relies on having traceable procedures in order to verify the appropriate use of the proceeds, in order to be able to evaluate their impact, as well as to promote and manage transformative initiatives in order to respond to the challenges posed by climate change. For this, BBVA developed and updated the previously mentioned Global Framework, for the issuance of green, social and sustainable bonds linked to the Sustainable Development Goals. [This Global Framework details the scheme for selecting, contrasting, approving and monitoring the loans backing each of the bonds.](#)

The Green Bond issued in February 2023 by BBVA Mexico aimed at three main axes: [Sustainable Transportation, Renewable Energy and Energy Efficiency](#). One year after its issuance, the commitment to evaluate the correct use of the obtained proceeds is reaffirmed.

At the time of issuance, the backing portfolio of the bond amounted to more than MXN 12,000 Mn, considering a project for the repowering of nine hydroelectric plants. However, the final issued amount was MXN 8,689 Mn, so said project has been released and is no longer part of the collateral of the bond. For this reason, the [Renewable Energy](#) axis is no longer part of the collateral of this green bond, although the project continues to be part of BBVA Mexico's portfolio.

Sustainable Transportation

This axis contemplates financing destined for the investment, manufacture or acquisition of low-carbon transport vehicles and their key components, including heavy vehicles, buses and other personal mobility devices, that are not dedicated to the transport of fossil fuels, and that use electric, hybrid, hydrogen, CNG and LNG fuels. At the time of the issuance, two projects were identified that complied with these guidelines, as well as the restriction of not having been granted 3 years before de the issue date, in accordance with the following:

- **Project 1:** Proceeds intended to finance a mobility and public transportation project in Mexico City that only uses electric and low-carbon vehicles, with the aim of reducing greenhouse gas emissions and promoting social mobility in a sustainable way, while supporting vulnerable groups. The project also seeks to solve three of the main structural mobility problems in Mexico City, which are: 1) fragmentation in the different

mobility systems, 2) the abandonment of public transport infrastructure and services; and, 3) inequity in travel times and travel conditions.

- **Project 2:** Proceeds allocated to the implementation of a 100% electric train in the state of Yucatán, which will connect with more than 100 traditional public transport routes and more than 137 neighborhoods in the metropolitan area in the municipalities of Mérida, Kanasín and Umán, with the objective of improving this service for people, while promoting a healthier environment with low carbon infrastructures.

Energy Efficiency and Sustainable Transportation

This axis contemplates financing for the investment, manufacturing or acquisition of low-carbon transport vehicles and their key components, including passenger vehicles and light commercial vehicles. Specifically in the case of the manufacture of **electric or hybrid vehicles**, we consider those that comply with an exhaust pipe emission intensity of a maximum of 120g of CO²e/km.

Based on the established guidelines, a client was identified that seeks to finance around 8,600 hybrid cars for its clients, thus contributing to the mitigation of greenhouse gas emissions, which will allow an annual reduction of approximately 9,266 tons of CO² emissions per year in the atmosphere.

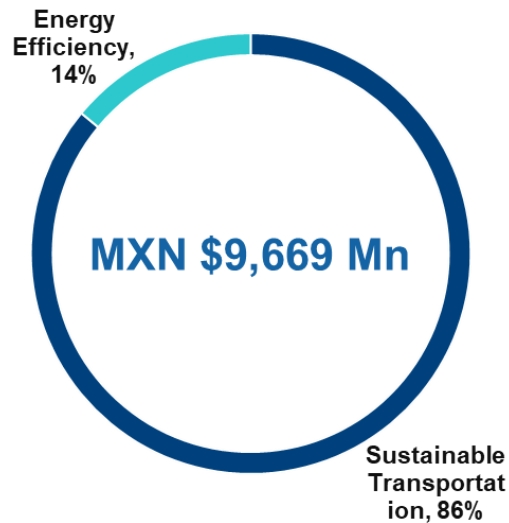
Alignment with the Sustainable Development Goals

The projects financed by the Green Bond are aligned with the following objectives:



Amount and distribution of the eligible portfolio

As of September 30, 2024, the balance of the portfolio that backs the Green Bond amounts to MXN 9,669 Mn, covering the entire amount issued.



Use and impact of the proceeds by SDG category

Selected portfolio	Description	Impacts as of 30/09/2024	Allocated amount as of 30/09/2024
9. Industry, innovation and infrastructure / 11. Sustainable cities and communities			
Sustainable Transportation: Project 1	<p>Financing for mobility and public transportation projects in Mexico City that only use electric and low-carbon vehicles.</p> <p>The estimated impacts consider the number of private car trips saved by having these means of public transportation as an alternative. They are calculated by taking an estimate of the number of individual daily trips saved, multiplied by the days elapsed since the start date of operations of each mobility and urban transportation project that makes up Project 1, which are as follows:</p> <ul style="list-style-type: none"> • Transport 1: September 24, 2024. • Transport 2: The earliest start date of operations that has been used to calculate impacts is September 11, 2022, • Transport 3: January 03, 2024, • Transport 4: March 01, 2023. 	714,040,000 private car trips saved.	\$6,632,651,851
Sustainable Transportation: Project 2	<p>Financing for the implementation of a 100% electric train in Yucatán, which will connect with more than 100 traditional public transport routes and more than 137 neighborhoods in the metropolitan area in the municipalities of Mérida, Kanasín and Umán.</p> <p>The estimated impact considers the tons of CO² emissions saved by having a clean means of transportation. It is calculated taking into account an estimate of the tons of CO² emissions saved in 1 year with this means of transport, and taking the proportion based on the days elapsed since the start date of the train's operations, which is December 15, 2023.</p>	636 tons of CO ² emissions have been saved since the start of the train's operations.	\$1,727,087,114

Energy Efficiency and Sustainable Transportation: Project 3	Proceeds used to finance 8,600 hybrid cars.	around	Annual reduction of approximately 9,266 tons of CO ² into the atmosphere.	\$1,309,644,917
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Total	\$9,669,383,882
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DNV

WHEN TRUST MATTERS

Independent Limited Assurance Report to the Management of BBVA MEXICO

BBVA México, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA México, ("BBVA MEXICO") commissioned DNV Business Assurance Spain, S.L.U. ("DNV", "us" or "we") to conduct a limited assurance engagement over Selected Information presented in the BBVA MEXICO SUSTAINABLE BONDS ANNUAL REPORT 2024 (the "Report") for the period from 1 July 2023 to 30 September 2024.



Our Conclusion: Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information is not fairly stated and has not been prepared, in all material respects, in accordance with the Criteria.

This conclusion relates only to the Selected Information, and is to be read in the context of this Independent Limited Assurance Report, in particular the inherent limitations explained overleaf.

Selected information

The scope and boundary of our work is restricted to the key performance indicators included within the Report for the reporting period 1 July 2023 to 30 September 2024 (the "Selected Information"), listed below:

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Impact indicators included in the table "Use of proceeds and impact by SDG category"

- Entrepreneurs: Nr. of businesses and/or natural persons
- Microbusinesses and SMEs: Nr. of microbusinesses
- Housing finance: Nr. of houses
- Hybrid and electric cars: Nr. of credits

GREEN BOND BBVAMX 23V

Impact indicators included in the table "Use of proceeds and impact by SDG category"

- Sustainable transport – Project 1: Private journeys saved
- Sustainable transport – Project 2: Tonnes of CO2 saved since operations started.

To assess the Selected Information, which includes an assessment of the risk of material misstatement in the Report, we have used BBVA Sustainable Debt Financing Framework, and the reporting criteria defined in the mentioned BBVA MEXICO SUSTAINABLE BOND ANNUAL REPORT 2024 (the "Criteria").

We have not performed any work, and do not express any conclusion, on any other information that may be published in the Report or on BBVA MEXICO's website for the current reporting period or for previous periods.

Basis of our conclusion

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information; our work included, but was not restricted to:

- Conducting interviews with BBVA MEXICO's management to obtain an understanding of the key processes, systems and controls in place to generate, aggregate and report the Selected Information;
- Performing limited substantive testing on a selective basis of the Selected Information to check that data had been appropriately measured, recorded, collated and reported;
- Reviewing that the evidence, measurements and their scope provided to us by BBVA MEXICO for the Selected Information is prepared in line with the Criteria;
- Assessing the appropriateness of the Criteria for the Selected Information; and
- Reading the report and the narrative accompanying the selected information within it in relation to the criteria.

Our competence, independence and quality control

DNV established policies and procedures are designed to ensure that DNV, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. Our multi-disciplinary team consisted of professionals with a combination of environmental and sustainability assurance experience.

Inherent limitations

All assurance engagements are subject to inherent limitations as selective testing (sampling) may not detect errors, fraud or other irregularities. Non-financial data may be subject to greater inherent uncertainty than financial data, given the nature and methods used for calculating, estimating and determining such data. The selection of different, but acceptable, measurement techniques may result in different quantifications between different entities. Our assurance relies on the premise that the data and information provided to us by BBVA MEXICO have been provided in good faith. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Independent Limited Assurance Report.



Standard and level of assurance

We performed a **limited** assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 revised – ‘Assurance Engagements other than Audits and Reviews of Historical Financial Information’ (revised), issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance.

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; and the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We planned and performed our work to obtain the evidence we considered sufficient to provide a basis for our opinion, so that the risk of this conclusion being in error is reduced but not reduced to very low.

Responsibilities of the Directors of BBVA MEXICO and DNV

The Directors of BBVA MEXICO have sole responsibility for:

- Preparing and presenting the Selected information in accordance with the Criteria;
- Designing, implementing and maintaining effective internal controls over the information and data, resulting in the preparation of the Selected Information that is free from material misstatements;
- Measuring and reporting the Selected Information based on their established Criteria; and
- Contents and statements contained within the Report and the Criteria.

Our responsibility is to plan and perform our work to obtain limited assurance about whether the Selected Information has been prepared in accordance with the Criteria and to report to BBVA MEXICO in the form of an independent limited assurance conclusion, based on the work performed and the evidence obtained. We have not been responsible for the preparation of the Report.

DNV Business Assurance Spain, S.L.U

Madrid, Spain.
31.12.2024



DNV Business Assurance Spain, S.L.U

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