

08



Exhibits

Principles for Responsible Banking

Learn about **BBVA México's 2023 dual materiality determination process, its contribution to the United Nations' Agenda 2030 and the progress made in implementing the Principles for Responsible Banking.** Also, consult the GRI Content Index and the SASB Index.

Principles for Responsible Banking Template

Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Response	Links and references
<p>Banco Bilbao Vizcaya Argentaria (BBVA) is a Spanish institution that offers financial services, with a global reach of 68 million clients. BBVA has operations in Latin America, where Mexico is one of the countries with the greatest relevance and participation. BBVA México is present throughout the Mexican Republic, through more than 1,700 branches, with almost 30 million clients.</p> <p>Business lines:</p> <ul style="list-style-type: none"> • Consumer Banking • Corporate and Government Banking • Corporate and Investment Banking 	<p>BBVA México 2023 Annual Report, Group's Profile (Who we are, Business Units)</p>

Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

Yes

No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

- UN Guiding Principles on Business and Human Rights
- International Labour Organization fundamental conventions
- UN Global Compact
- UN Declaration on the Rights of Indigenous Peoples
- Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: _____
- Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: _____
- None of the above

Response	Links and references
<p>Since 2018, BBVA has upheld a commitment to contribute to the Sustainable Development Goals (SDGs) and the Paris Agreement through three key lines of action: Finance, Manage, and Engage.</p> <ul style="list-style-type: none"> • Curbing climate change, originating new financing and supporting the SDGs by mobilizing EUR 300,000 million between 2018 and 2025 for agribusiness, entrepreneurship, financial inclusion, green activities and sustainable infrastructure. • Set the goal that 100% of the energy contracted by BBVA by 2030 will be renewable. In addition to gradually aligning BBVA's activity to the Paris Agreement and minimizing the social and environmental risks associated with it, reducing potential direct and indirect negative impacts. • Incorporate all stakeholders to enhance the scope of sustainable development and collectively boost the contribution of the financial sector. <p>In line with these commitments, BBVA has a General Sustainability Policy and has published its framework for the issuance of bonds linked to the SDGs, as a necessary step to issue its own sustainable bonds.</p>	<p>BBVA México 2023 Annual Report, Group's Profile (Grupo BBVA's sustainability strategy)</p>

Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly¹ and fulfil the following requirements/elements (a-d)²:

a) Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

Response	Links and references
The main business areas, products and services of BBVA México, considering the lines of business described in the business model (Principle 1).	BBVA México 2023 Annual Report, Group's Profile (Who we are, Business Units)

b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope i) by sectors & industries³ for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

Response	Links and references
<p>BBVA México's impact analysis exercise was conducted in 2022 and considered BBVA México's portfolio divided into two major groups, consumer banking and corporate banking:</p> <p>Consumer banking, which includes products such as credit cards, personal credit and loans, mortgage products, and loans for the purchase of automobiles. It is worth mentioning that some of our products are offered to more than one client, so the number of clients that receive this type of service is greater than the number of Consumer Banking clients.</p> <p>Corporate banking, made up of various services provided to government agencies and corporate accounts</p> <p>The composition of each of the markets is 51.85% and 48.15% respectively, considering as a base a total of 1,433,611,129,887.91 products provided as of October 21, 2022.</p> <p>The scope of the portfolio considered in the impact analysis was defined at Grupo BBVA level. A 98.91% of the consumer portfolio (which includes 19.62% of Mexico) and 99.11% of the corporate banking portfolio (which includes 16.91% of Mexico) were analyzed.</p> <p>During 2024, we will compile information to update the status of impacts, seeking a more detailed breakdown of the baseline information.</p>	BBVA México 2023 Annual Report, Sustainable finance (Principles for Responsible Banking, PBR)

¹ That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

² Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).

³ 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate⁴? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

Response	Links and references
<p>Results of the 2030 Agenda</p> <p>The 2030 Agenda for Sustainable Development is the most ambitious global agreement in history to build an inclusive, fair and balanced development model that lays the foundation for a more prosperous future for people and the planet. This Agenda, approved in 2015 by 193 Member States of the United Nations (UN), including Mexico, is made up of 17 Sustainable Development Goals (SDGs) that summarize the path that governments, companies and individuals must follow to achieve it.</p> <p>At the end of 2022, Mexico recorded a performance score of 69.7 in SDG compliance, only two points above the global average of 67.4, which places it in 80th place out of 166 countries whose progress was reported in the Sustainable Development Report 2023.</p> <p>This means that Mexico, facing 2030, still faces great and significant challenges, since in most of the SDGs it presents stagnation or moderate progress.</p> <p>Sustainable Taxonomy of Mexico</p> <p>Unlike other jurisdictions that have focused their taxonomies only on climate and environmental objectives, the Sustainable Taxonomy of Mexico also includes social objectives, recognizing the importance of addressing gaps and vulnerabilities for developing and emerging economies.</p> <p>The Sustainable Taxonomy of Mexico endorses the global commitments that Mexico has assumed on these issues, taking as a reference framework the Paris Agreement, the Sustainable Development Goals of the 2030 Agenda and the Nationally Determined Contribution (NDC).</p> <p>Specifically within the Well-Being pillar, axis 2.3 economic and social empowerment, criterion 2.3.1 is established for the promotion of women's autonomy and flexible financing with a gender perspective. To align with this criterion, financial products and services must be designed to support women in the planning of long-term goals, emergency care, among others. When they begin to access financial products, it is likely that they will seek to use other financial instruments to improve their quality of life.</p> <p>Financial inclusion and financial health data in Mexico</p> <p>Although Mexico is among the 15 largest economies in the world and the second largest in Latin America, it still has gaps and challenges to achieve financial inclusion for the entire population. According to the National Survey of Business Financing of the National Institute of Statistics and Geography (INEGI), during 2021 only 43% of companies in Mexico had access to some type of financing, of which 45% were microenterprises. This is important because microenterprises in Mexico represent 95% of the total number of companies and generate 40% of the country's employment.</p>	<p>Sustainable Taxonomy of Mexico</p> <p>World Bank in Mexico</p> <p>Instituto Nacional de Estadística y Geografía (INEGI)</p> <p>G20 Financial Inclusion Indicators</p> <p>The Global Findex Database 2021</p>

⁴ Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

Response	Links and references
<p>For personal and consumer banking, Mexico faces significant challenges, as in 2020 only 37% of the country’s adult population had a bank account. In addition, there is a financing gap in rural areas, where only 7% of adults in rural areas accessed a loan from a financial institution during 2017, according to the World Bank’s Global Findex Database.</p> <p>The data indicate disparities related to gender, socioeconomic status, wealth, geographical location, and education level. Women, individuals with low income, residents of rural areas, and those with only primary education tend to face exclusion from accessing financial products and services, such as savings and credit accounts, or facilities for conducting transactions. Consequently, they often experience lower levels of financial stability.</p> <p>Since 2018, Mexico has had a National Financial Inclusion Policy (PNIF). In 2020, a first analysis exercise was conducted on the state of financial inclusion, highlighting three problems on the service supply side focused on the low use of financial products, scarce use of digital payments and low infrastructure for access to financial services. On the demand side, the existence of very low economic-financial skills, insufficient information and financial protection tools, as well as the low inclusion of people in vulnerable situations.</p> <p>On the other hand, the study conducted in 2018 by the National Banking and Securities Commission (CNBV), in conjunction with the National Institute of Statistics and Geography (INEGI) for the National Survey of Financial Inclusion (ENIF), highlights that there are gaps in the adult population for the management of liquidity, the ability to deal with emergencies, planning and control of their finances:</p> <ul style="list-style-type: none"> ▪ 58% of adults earned enough income to cover their expenses. ▪ 73% pay their bills on time. ▪ 25% have home, auto, life or medical insurance. ▪ 45% could face economic urgency. ▪ 40% set financial goals and strive to achieve them. <p>This survey highlights the relationship between behaviors and knowledge in financial matters, with behaviors being goal setting, preventing imbalances, saving, maintaining liquidity, budgeting and planning expenses, while knowledge is defined as knowing how to carry out these activities. In this sense, 41% of the adult population has good financial knowledge, but poor behaviors.</p> <p>It is important to highlight that, according to the ENIF results, the lack of inclusion in the financial system is due to the stigma attached to the system itself, since between 2% and 7% of the adult population does not seek to acquire a financial product, 12% of the adult population that does have a bank account does not use its debit card due to distrust, and 18% of this same population with an account does not contract mobile banking due to distrust. Financial inclusion must include vulnerable groups, given that in Mexico there are gaps of an average of 15 percentage points (pp.) in access to financial services, be they accounts, credit, insurance or afores for people in rural areas.</p>	

Response	Links and references
<p>The most recent edition of the ENIF highlights that there was an increase of 2 pp. in the population that has had at least one financial product, noting that the increase is focused on the northern regions and Mexico City, with gaps of 11 pp. in the northeastern region and the central-eastern and southern regions, and of 9 pp. between the western and northwestern regions. At the rural and urban levels, there are gaps in the accessibility and use of financial services, as there is greater tenure for the population in urban areas, with gaps of up to 20 pp. in some financial services.</p> <p>These data provide an overview of Mexico’s current state of financial inclusion and equal financial opportunities.</p>	

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)⁵? Please disclose.

Response	Links and references
<p>Supported by the UNEP FI tool, with the context, Consumer Banking and Institutional Banking modules, the analysis carried out during 2022 is summarized, highlighting positive and negative impacts.</p> <p>For positive impacts, availability, accessibility, affordability and quality of resources and services, followed by potential impacts to healthy economies, health and safety, and survival.</p> <p>On the other hand, negative impacts were identified as being directed towards climate stability, circularity and health and safety.</p> <p>During 2024, information will be compiled to update the status of impacts, so that the base information contains a greater breakdown.</p>	N/A

⁵ To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

d) For these (min. two prioritized impact areas): Performance measurement: Has your bank identified which sectors & industries as well as types of clients financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

Response	Links and references
<p>In Mexico there are around 5 million companies, of which an estimated 4.5 million are SMEs and SMBs, representing a large percentage of the labor force and value added for Mexico's development. However, microbusinesses and SMEs face major challenges, mainly in areas related to liquidity and financing for operating expenses. This can be exacerbated when the leaders of these organizations are from vulnerable groups, women and youth.</p> <p>For positive impacts on the availability, accessibility, affordability and quality of resources and services, it is correlated with the accessibility of the services provided to small and medium-sized enterprises. By having the number of clients categorized as SMEs, it is possible to measure the growth or decrease of BBVA's impact on this area of relevance.</p>	<p>NA BBVA México 2023 Annual Report, Economic impact</p>

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?⁶

- Scope: Yes In progress No
- Portfolio composition: Yes In progress No
- Context: Yes In progress No
- Performance measurement: Yes In progress No

Climate change mitigation, climate change adaptation, resource efficiency & circular economy, biodiversity, financial health & inclusion, human rights, gender equality, decent employment, water, pollution, other: please specify

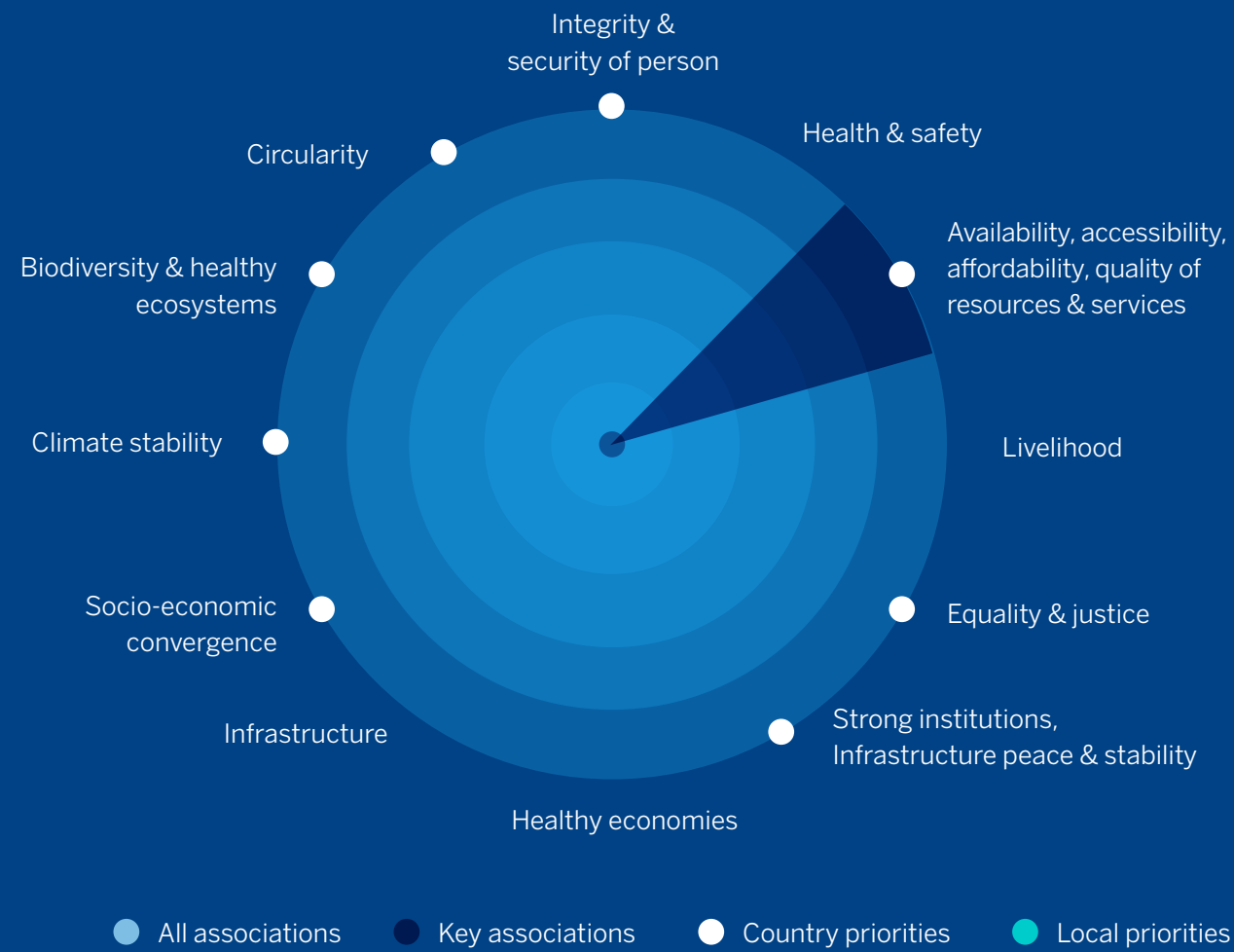
How recent is the data used for and disclosed in the impact analysis?

- Up to 6 months prior to publication
- Up to 12 months prior to publication
- Up to 18 months prior to publication
- Longer than 18 months prior to publication

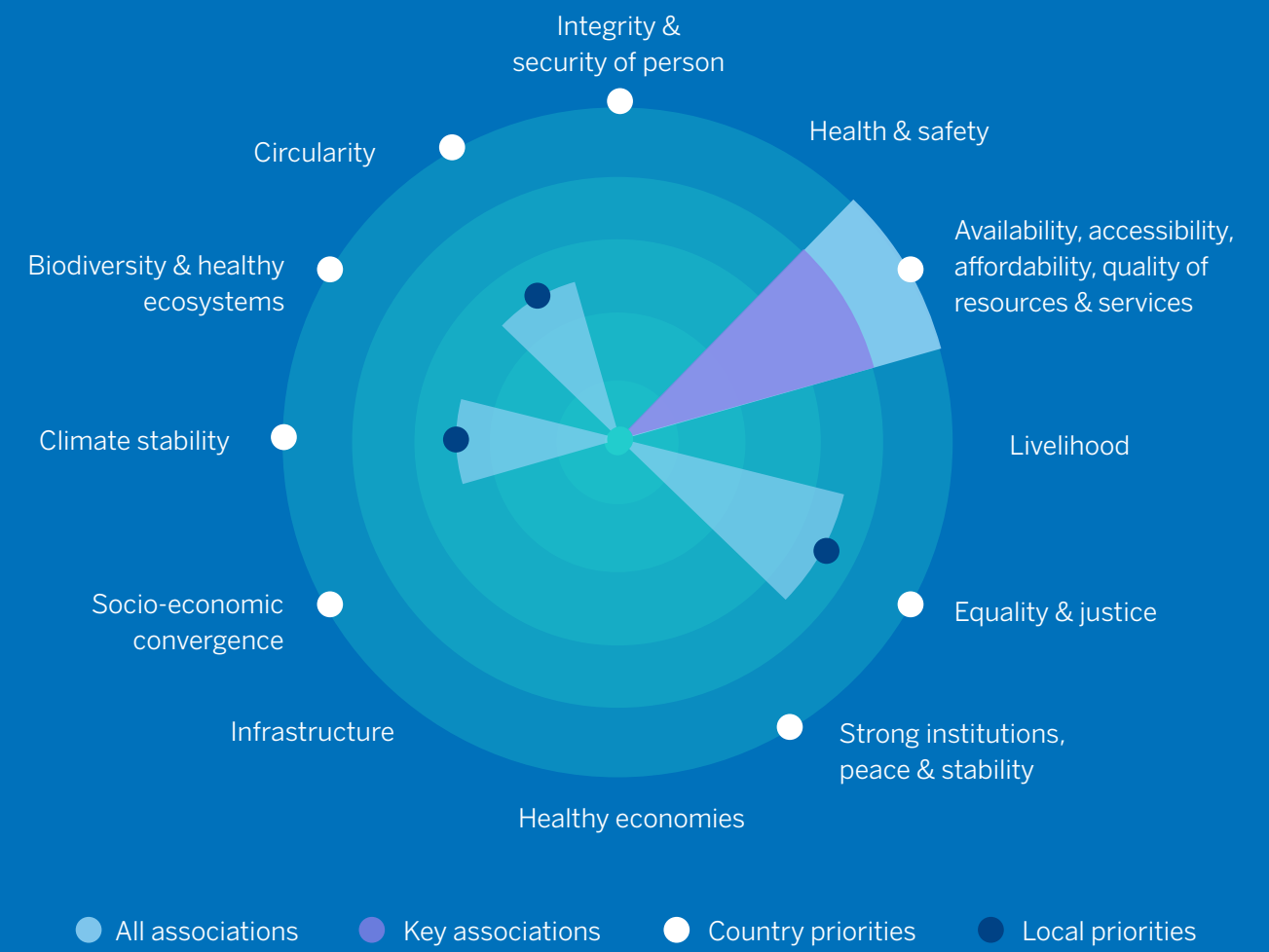
Open text field to describe potential challenges, aspects not covered by the above etc.: (optional)

⁶ You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

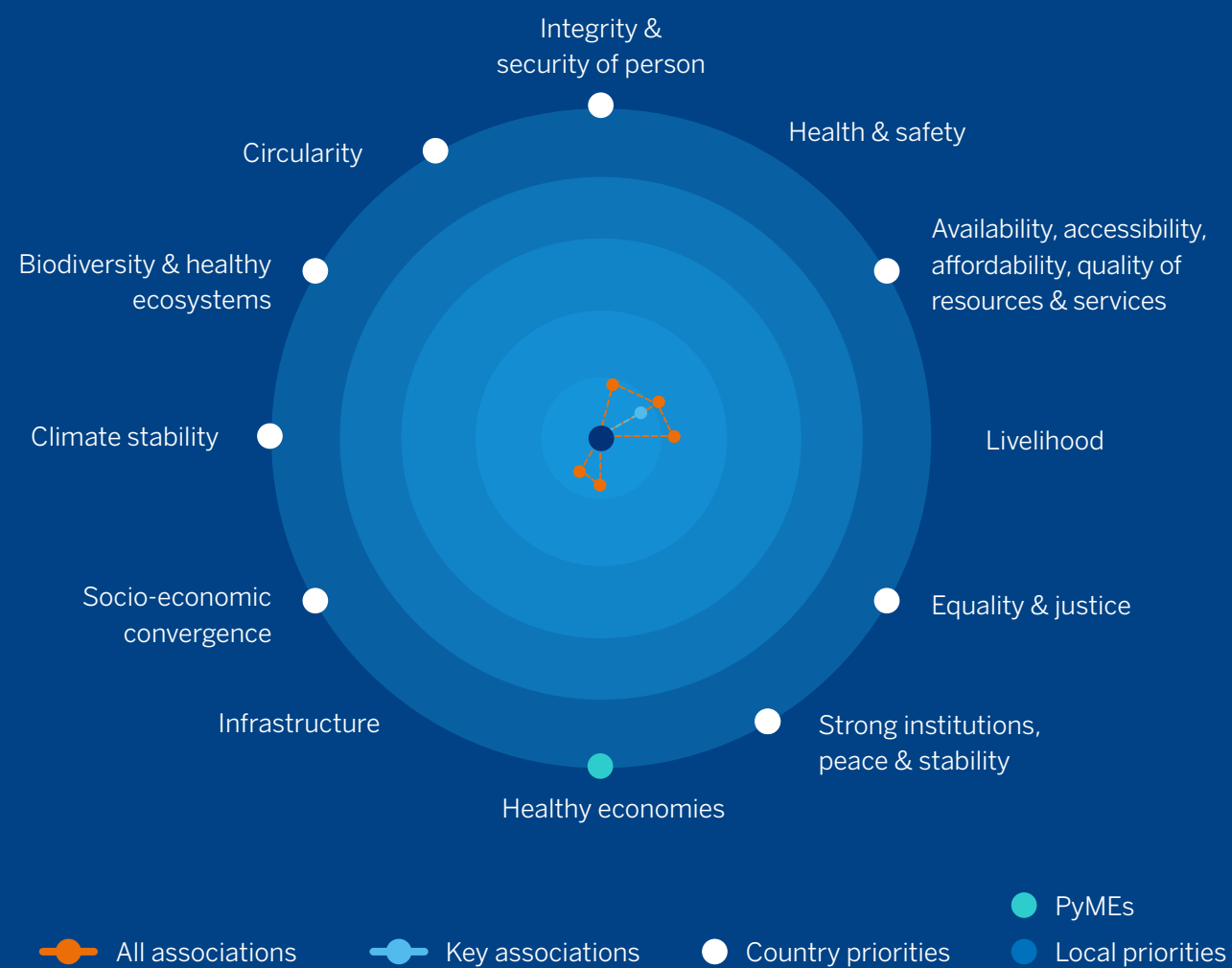
Positive impact



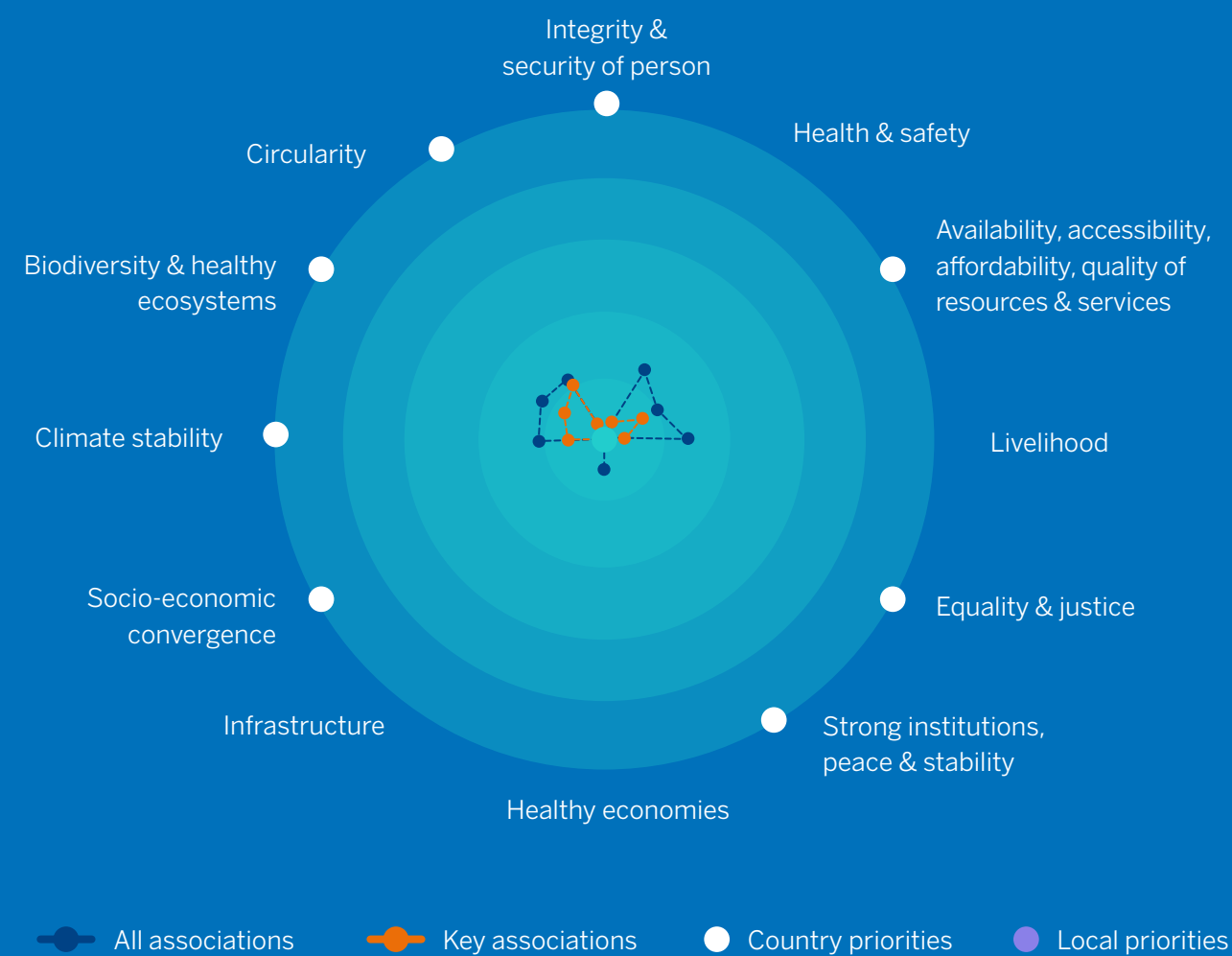
Negative impact



Positive impacts



Negative impacts



2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets⁷ have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) Alignment: which international, regional or national policy frameworks to align your bank’s portfolio with⁸ have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

You can build upon the context items under 2.1.

Response	Links and references
<p>Based on publicly available information from the World Bank and performance reports related to the SDGs; reports, policies and data published by government agencies such as the National Institute of Statistics and Geography (INEGI) and the Ministry of Finance and Public Credit; as well as financial statistical information free of personally identifiable information.</p> <p>In this way, it is possible to understand the international context of management expectations in relation to the finances of BBVA México’s clients, analyzing the national context through statistics and finally applying it to the bank’s client portfolio.</p>	<p>Sustainable Taxonomy of Mexico 2023 SDG Sustainable Development Report Mexico World Bank in Mexico Instituto Nacional de Estadística y Geografía 2018 (INEGI) Instituto Nacional de Estadística y Geografía 2019 (INEGI) G20 Financial Inclusion Indicators The Global Findex Database 2021</p>

b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the Annex of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

Impact area	Indicator code	Response
Climate change mitigation	...	
	...	
	...	

⁷ Operational targets (relating to for example water consumption in office buildings, gender equality on the bank’s management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

⁸ Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank’s targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

Impact area	Indicator code	Response
Financial health & inclusion	...	
	...	
	...	

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

Response	Links and references
<p>Area of impact: Financial inclusion Base year: 2020 Indicator: Number of SME clients Base year value: 552,000 SME clients</p> <p>In 2023, BBVA México has not established specific goals in the area of climate change impact. BBVA México is part of the scope of Grupo BBVA 's decarbonization goals; therefore, local actions contribute to their achievement.</p>	<p>TCFD 2022 Report, Grupo BBVA (Metrics and objectives) BBVA México 2023 Annual Report, Social performance (Financial inclusion)</p>

c) SMART targets (incl. key performance indicators (KPIs)⁹): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

Response	Links and references
<p>Financial inclusion objective: To bank and support the development and financial wellbeing of 1 million formalized, micro, small and medium-sized enterprises by 2025. By integrating them into the financial system and strengthening their businesses through access to products and services that enable their financial resilience.</p> <p>Tracking KPIs: # of new clients accessing the use of digital financial solutions as financial advice in other channels. # of clients who acquire one or more products that enable their financial inclusion and resilience.</p> <p>Frequency of measurement: Measured quarterly through new account openings and number of products used by SMEs. Frequency of disclosure: Annual</p> <p>Climate change target: In 2023, BBVA Mexico has not established specific targets on the climate change impact issue. BBVA México is part of the scope of the Grupo BBVA decarbonization goals, therefore, local actions contribute to its achievement (see reference link).</p>	<p>TCFD 2022 Report, Grupo BBVA BBVA México 2023 Annual Report, Social performance (Financial inclusion)</p>

⁹ Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

d) Action plan: which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analyzed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

Response	Links and references
<p>BBVA México is currently implementing a program known as “Banca de Barrio” (Neighborhood Banking), a group of specialized executives provide personalized attention to the SME segment. Some of the actions carried out by this group include increasing the number of SME accounts, SME loans and providing a bank terminal to accept card payments. The priority groups served under this program are: micro, small and medium-sized formalized, unbanked companies.</p> <p>On the other hand, BBVA has 5 levers that are aligned with the vision of net zero emissions by 2050.</p> <p>Sector strategy for corporate clients: focus on low-carbon technologies and high-emission sectors, leveraging advisory capabilities.</p> <p>Driving enterprise business: developing products focused on 6 impact areas (automotive, real estate, agriculture, supply chain, energy, inclusive growth), leveraging expertise with corporate clients.</p> <p>Launching significant initiatives for the expansion of the retail business: creating a digital, innovative, and disruptive value proposition in specific vertical sectors.</p> <p>Financing new sustainable technologies: leading the financing of technologies previously unbanked through traditional financing, focusing on hydrogen technologies, batteries, carbon capture, storage and use, among others.</p> <p>Developing a better risk management capacity: focused on the increase of risks and relevance of sustainability-related issues, generating a strategy, guided by a taxonomy and internal credit policies, as well as the associated processes.</p>	<p>BBVA México 2023 Annual Report, Economic impact (Evolution of activity) BBVA México 2023 Annual Report, Sustainable finance</p>

Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact: Availability, accessibility, affordability and quality of resources and services.	... second area of most significant impact: Climate stability	(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact: ... (please name it)
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No

Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank’s progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/ review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Response	Links and references
<p>During 2023 BBVA México continued to promote its “Banca de Barrio” (Neighborhood Banking) business model, which has made it possible to serve small businesses within a delimited perimeter around the branch to attract a greater number of clients and generate closer relationships, improving the service experience through a wide range of specialized products for this segment. To this end, since its launch, it has 292 thousand new clients, placed 200 thousand new POS terminals, attracted 733 thousand new payrolls and, as an advisor to small businesses, it has also promoted the placement of insurance for more than Ps. 3,475 million to insure various types of damages.</p>	<p>TCFD 2022 Report, Grupo BBVA BBVA México 2023 Annual Report, Economic impact (Evolution of activity)</p>

Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers¹⁰ in place to encourage sustainable practices?

Yes In progress No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

Yes In progress No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities¹¹). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

Response	Links and references
<p>The Board of Directors approves and promotes the integration of sustainability and financial health in BBVA's business strategy, some of the milestones are:</p> <ol style="list-style-type: none"> The General Sustainability Policy, establishing the vision and initiatives to accompany clients in the development of sustainable business models. A Corporate Social Responsibility policy has been implemented to foster a transparent, clear and responsible relationship with clients, promoting inclusion, financial education, and ensuring responsible access to financial services. In addition, BBVA has a framework for sustainable transactional products and a framework for the issuance of bonds linked to the SDGs. BBVA México implements the Equator Principles to assess the environmental and social risks of the projects financed. <p>These policies and frameworks are global in scope and applicable to all geographies.</p>	<p>BBVA México 2023 Annual Report , Group's Profile (Grupo BBVA's sustainability strategy). BBVA México 2023 Annual Report, Sustainable finance (Reference standards and guidelines).</p>

¹⁰ A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

¹¹ Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

Response	Links and references
<p>Grupo BBVA undertook a strategic reflection process in 2019 to deepen its transformation and adapt to the major trends that are changing the world and the financial sector. Two of the main trends identified were the fight against climate change and the relevance of driving inclusive growth.</p> <p>In this regard, the Group has made it a priority to “help our clients in the transition to a sustainable future.” To make this possible, in 2018 Grupo BBVA published its 2025 Goal which consisted of mobilizing EUR 100,000 million in sustainable business between 2018 and 2025. Subsequently, in July 2021 it increased its target to EUR 200,000 million and in October 2022 it increased it again to EUR 300,000 million.</p> <p>Grupo BBVA’s priority is to support its clients, with advice and financing, in the development and implementation of their transition plans in all segments and the diversity of sectors served by the bank. This objective extends to the geographies where the Group operates, including Mexico. As of December 31, 2023, BBVA México channeled more than Ps. 206 billion, 29.27% more than in 2022.</p>	<p>BBVA México 2023 Annual Report, Sustainable Finance</p>

Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups¹²) you have identified as relevant in relation to the impact analysis and target setting process?

Yes In progress No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Response	Links and references
<p>In order to gather stakeholder perspectives, in the update of BBVA México's 2023 materiality analysis, surveys were conducted with employees, representing their voice and expectations on key sustainability issues for BBVA México and the sector. The materiality analysis was based on the previous year's exercise. Additionally, sources such as regulatory frameworks, international industry standards, rating agencies, press and internal information of the organization (IReNEs) were consulted in order to identify preliminary issues.</p> <p>As part of the analysis and prioritization of materiality impact issues, the most significant issues for BBVA México were examined and ranked. Initially, both internal and external stakeholders participated in two exercises. On the one hand, the application of 11 surveys to employees to evaluate the issues from an impact perspective (how the Bank impacts the environment and society). On the other hand, the review of IReNEs applied throughout the year to clients and suppliers, extracting information on the impacts of sustainability issues evaluated from another perspective.</p> <p>Additionally, the relevant areas within BBVA México were consulted to identify objectives, obtaining direct information from those responsible for financial inclusion, together with the programs currently being carried out, climate action and associated financed emissions, those responsible for the financial health of clients and those responsible for issuing green, social, sustainable and sustainability-linked bonds.</p>	<p>BBVA México 2023 Annual Report, Group's Profile (Grupo BBVA's sustainability strategy, Stakeholders)</p>

¹² Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations.

Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes In progress No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Response	Links and references
<p>Grupo BBVA's corporate bodies have defined and promoted a strategy that incorporates sustainability as one of its strategic priorities from 2019. The Board considers the integration of sustainability in the Group's businesses and activities as an essential element of this approach, managing the risks associated with these areas, and considering them as a great business opportunity on which to support its growth strategy.</p> <p>Grupo BBVA incorporates the dimension of sustainability in its day-to-day business, both in its relations with clients and in internal processes. In this sense, the definition and execution of a strategy that incorporates sustainability and climate change as one of its priorities is of a cross-cutting nature, and all areas of the Group are responsible for progressively incorporating it into their strategic agenda and work dynamics.</p> <p>In 2021, Grupo BBVA gave new impetus to its strategy by raising sustainability to the highest executive level of the organization with direct reporting from the head of the Global Sustainability area to the CEO and the President (in this case, in areas related to strategy and transformation), thus creating the Global Sustainability business area. In 2021, BBVA México replicated the management model of the Global Sustainability Office (GSO), creating the Local Sustainability Office (LSO), an area that seeks to permeate sustainability from the highest executive level of the organization.</p>	<p>BBVA México 2023 Annual Report, Governance (Sustainability Governance)</p>

5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

Response	Links and references
<p>Similarly, in 2023, the training program focused on corporate sustainability was upheld. This course allowed all employees to learn about the significance of sustainability in their respective areas of work.</p> <p>In addition, those involved with the implementation of the Principles of Responsible Banking attend classroom or remote courses offered through the PRB Academy, globally or locally.</p>	<p>BBVA México 2023 Annual Report, Social performance (Training)</p>

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?¹³ Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

Response	Links and references
<p>BBVA México is governed by BBVA's Responsible Banking Policy. For more information, please refer to the 2023 Annual Report, section Due diligence: environmental and social assessment.</p>	<p>Due diligence: environmental and social assessment</p>

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

Yes No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes In progress No

¹³ Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

Yes Partially No

If applicable, please include the link or description of the assurance statement.

Response	Links and references
In compliance with the PRB implementation requirements, BBVA México has requested external verification of items 2.1, 2.2, 2.3, 5.3 and 6.1.	BBVA México 2023 Annual Report, Exhibits

6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

GRI
 SASB
 CDP
 IFRS Sustainability Disclosure Standards (to be published)
 TCFD
 Other:

Response	Links and references
BBVA México's 2023 Annual Report is prepared in accordance with the GRI Standards, meeting the requirements of SASB.	BBVA México 2023 Annual Report, Introduction (About this report)

6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis¹⁴, target setting¹⁵ and governance structure for implementing the PRB)? Please describe briefly.

Response	Links and references
<p>During the next reporting year, BBVA México will measure performance against its objective related to financial inclusion to demonstrate progress compared to the baseline described in previous sections.</p> <p>On the other hand, BBVA México continues to work to obtain more information to set a target for the second area of greatest impact (climate stability).</p> <p>In addition, information will be compiled to update the impact analysis, seeking to have more detailed information for its analysis.</p>	<p>N/A</p>

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualize the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

<input checked="" type="checkbox"/> Embedding PRB oversight into governance	<input checked="" type="checkbox"/> Customer engagement
<input type="checkbox"/> Gaining or maintaining momentum in the bank	<input type="checkbox"/> Stakeholder engagement
<input type="checkbox"/> Getting started: where to start and what to focus on in the beginning	<input type="checkbox"/> Data availability
<input type="checkbox"/> Conducting an impact analysis	<input type="checkbox"/> Data quality
<input checked="" type="checkbox"/> Assessing negative environmental and social impacts	<input type="checkbox"/> Access to resources
<input checked="" type="checkbox"/> Choosing the right performance measurement methodology/ies	<input type="checkbox"/> Reporting
<input checked="" type="checkbox"/> Setting targets	<input type="checkbox"/> Assurance
<input type="checkbox"/> Other: ...	<input type="checkbox"/> Prioritizing actions internally

If desired, you can elaborate on challenges and how you are tackling these

¹⁴ For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement.

¹⁵ For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.