

5. 1. Materiality analysis

In 2016 BBVA has taken a great step forward in materiality analysis to make it more solid and ensure that the focus is on the most relevant aspects for both the stakeholders and the BBVA business. This involved carrying out a review of the material issues based on the data collected from a variety of sources, providing a broad information base that is auditable and objective, ensuring that the analysis is more robust than in previous years.

During this process, analysis has been conducted on the current and emerging issues from the perspective of different stakeholders and BBVA's strategy. The tools used were the E-Revalue data analysis platform Datamaran, as well as other usual sources used in previous years.

Stakeholder input

The **priorities** of stakeholders have been obtained by analyzing two information groups. First, the data has been gathered directly from the stakeholders themselves:

- Direct opinions of customers and non-customers from countries where we operate, are collected through surveys. These surveys measure the key factors to ensure that consumers trust banks, in particular BBVA, as well as the relative importance of each of these factors (source: RepTrak).
- Direct opinions of employees are identified through very similar methods to the above, and carried out in the Group's main countries (source: RepTrak.).
- Investors and analysts' opinions are gathered through surveys answered by BBVA's Investor Relations unit. It reflects the issues relevant to this group and distinguishes between institutional investors and other shareholders. In addition, an analysis of sustainability - oriented priorities is being carried out based on specialized sources such as the Principles for Responsible Investment (PRI) and the Sustainable Investment and Finance Association (SIF).
- The main concerns, demands and requirements of the NGOs most active in the financial sector are analyzed through their campaigns, reports, policies and news.

As well as the above, information has been gathered from other sources contained in the E-Revalue data analysis platform Datamaran, to complete and consolidate the opinion of stakeholders, such as:

- Regulatory analysis to identify the main laws and directives that impact the financial sector in all the regions where BBVA operates. An inquiry has been carried out of both mandatory regulations and recommendations issued by institutions, as well as emerging issues that have arisen from the regulatory changes that took place in recent years.
- Analysis of the latest news related to issues relevant to the financial sector in the online media and social networks like Twitter.
- Series of benchmarking exercises on the reports published by other banks in 2016, as well as the documents from different companies presented before the Securities & Exchange Commission of the U.S. Government (SEC) for the financial sector in BBVA's key markets, including annual sustainability and integrated reports.
- Trend analysis of the sector based on the reports developed by the financial institutions and expert consultants over the last two years, in relation to the way banks offer services to customers.

Sources used in the materiality analysis

Sources of materiality analysis based on stakeholders' surveys and analysis included in Datamaran (the same number of documents in English and Spanish have been analyzed)

Customers/non-customers and employees

RepTrack surveys in the key geographical areas of BBVA:

4,500 customer and non-customer surveys

6,000 employee surveys

Analysts and investors

Department of Investor Relations surveys for investors and analysts

9 sustainability investment reports

NGO

19 NGO documents

Regulator

264 regulatory documents

News feeds and social networks

153 news feeds analyzed, considering:

2,300 news feeds written in English and 2,000 news feeds written in Spanish

30,000 tweets written in English and 10,000 tweets written in Spanish

Benchmark

88 competitors' reports coming from 36 banks

Trends:

13 industry trend reports

Each of these sources has been analyzed based on the different level of importance. Based on the results, a hierarchical list of **relevant issues** has been defined for the different stakeholders, which has been completed with an analysis of the contribution of each issue to BBVA's strategy and business.

These issues are represented in the **materiality matrix** shown below. The vertical axis reflects the importance of the issues for the stakeholders and the horizontal axis the importance for BBVA's strategy and business. The issues colored in green have a first-level relevance and those in orange a second-level.

BBVA Materiality matrix in 2016

