What’s happening today?

1. Financial industry is still suffering a **reputational crisis**

2. Key improvement areas for banks according to customer surveys: **transparency & clarity** in both offers & fees are

3. More **regulation & soft regulation** in customer protection & responsible practices

4. A growing demand of **ESG performance** (Environmental, Social & Governance) among investors community

5. Employees value more highly the **ethical behavior** of the companies they work for

6. Society & Governments expect a higher **commitment to development** from companies

7. Competition landscape: **new players** with different standards in ESG performance and **new technologies**

At BBVA, we have a different way of doing banking
Summary

1. What do we mean by Responsible Banking?
2. How do we do Responsible Banking?
3. BBVA’s impact on society
What do we mean by Responsible Banking at BBVA?
A unique banking model based on 4 pillars

1. Diversification and leadership
2. Prudent management
3. Return adjusted to principles
4. Customer-centric approach
A new competitive landscape: **strategy** focused on **transformation** from and to the **customer**

Be the best bank for our customers

1. **Offering the best banking solutions to our customers**
2. **Helping customers make better financial decisions**

Six strategic priorities

1. New standard in customer experience
2. Drive digital sales
3. New business models
4. Optimize capital allocation
5. Unrivaled efficiency
6. A first class workforce
BBVA offers a **different way of banking**

Return adjusted to principles

<table>
<thead>
<tr>
<th>Integrity</th>
<th>Prudence</th>
<th>Transparency</th>
</tr>
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<tbody>
<tr>
<td>As a manifestation of ethics in its actions and in all its stakeholder relations</td>
<td>Understood basically as the principle of precaution in risk-taking</td>
<td>as a rule offering clear and truthful access to information within the limits of the law</td>
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**Corporate Governance**

**Regulatory Compliance**

**Risks**

**Responsible Business**

**BBVA is one of the few large banks in the world that**

- has not required state aid
- has not been involved in any controversial issue
- has not received sanctions for misbehavior practices
Responsible Business is at the core of our purpose

... is about how we do business

Responsible Business is to manage our business assuming the responsibility for our impact on society

A model that is based on good practices and the creation of long-term value for all stakeholders

Mission of RB function: systematically ensure that BBVA puts people at the center of the decision-making

Design & execute social investment programs at global/local level

Be the second line of defense to ensure that all business units & support areas work consistently with this mission

Communicate RB contents & engage other key stakeholders as NGOs, investors and regulators in RB
Governance and Accountability

Responsible business function reports directly to the Board of Directors

- Approval and monitoring the CSR policy and responsible business plan
- Report to plenary & to different committees (3 times a year)
- Interventions at Strategy & Planning Group Meeting
- Interventions at Local Management Meetings
- Interventions at Solution Implementation Reviews (*)
- RB Co-dependency: Customer Solutions & Communications
- Responsible Business Plan 2012-2015
- New Strategic Plan 2016-2018 to be approved by the Board on March 2016

(*) Responsible business is embed on the SDA (Single Development Agenda)
Reputational Risk Management Model

Outcomes

Impact vs Strength Matrix

Mitigation actions

Process

Risk identification % impact assessment

Assurance Providers identification

Strength assessment & mitigation proposals

Local/Global review (6 months)

Implementation & follow up

Governance & Accountability

Reputational Risk Committee

Global & Local: Responsible Business, Operational Risk, Compliance & Comms
BBVA

International standards with BBVA’s active participation

[Logos of various organizations]
BBVA as a best practice

- MSCI World ESG, MSCI World ex USA ESG, MSCI EAFE ESG and MSCI Europe ESG **AAA Rating**
- DJSI World, DJSI Europe and DJSI Eurozone
- Euronext-Vigeo Europe 120, Euronext-Vigeo Eurozone 120, ESI Excellence Global and ESI Europe
- FTSE4Good Global, FTSE4Good Global 100, FTSE4Good Europe and FTSE4Good Europe 50
- Classified as PRIME
- STOXX Global ESG Environmental Leaders, STOXX Global ESG Social Leaders, STOXX Global ESG Leaders, EURO STOXX ESG Leaders 50 and STOXX Europe ESG Leaders 50
- BBVA”long term winner” according to GS Sustain report
- BBVA included on Triodos Investment Funds
BBVA's ESG performance between 2010 and 2014: from 3rd to 1st place

Responsible Banking Index *
BBVA Group and Peer Group**
(2014)

* Source: Compiled by EY from sustainability analysts: RobecoSAM (DJSI), MSCI, Sustainalytics, CDP, Bloomberg
** Peer Group: BBVA, ISP, DB, BARCL, UBS, HSBC, BNP, CS, UCI, SG, Citi, RBS, CMZ, WF, SAN, LLOYDS, CA, JPM, BoA
How do we do Responsible Banking?
Encouraging transparent, clear & responsible (TCR) commercial communication

TCR Communication

Information about the benefits and costs associated with the products we offer
Customer always making an informed decision

**Top strategic priority: we must go further**

- TCR summary pages before the contract is concluded
- TCR contracts
- TCR advertising code
- TCR in digital channels

**Goal 2013-2015**

1st/2nd clearest and most transparent bank in major markets
BBVA
TCR Summary Pages and Contracts ....

What is it?

To whom is it directed?

What are the benefits?

What are its main features?

What are the costs?

What are the requirements?

Did you know that....?

Glossary

Have all the **relevant** information

Provide both: **advantages and costs/risks**

**Structure** information according to customer needs/ questions

Are written in **plain language**. They try to avoid technicalities and when not possible explain them in a glossary

Have no small print

Have a **didactic** tone

Take care of **customer interests**
**Growth:**
- Higher customer recommendation (NPS)
- Higher non-customer consideration
- More digital sales

**Return on Capital:**
- Less complains
- More efficient commercial dialog
- Higher employee pride of belonging and motivation

**Risk Management:**
- Lower risk of fines
- Lower reputational risk
- Lower operational costs for unfair commercial practices
- Better relation with regulators
Encouraging responsible banking penetration

Financial Literacy Programs

More than 5.2 million participants
€45 million invested
between 2008-2014

BBVA is the exclusive partner of the OECD for the new PISA financial literacy assessment

Best initiative in Latin America in 2010

Goal 2013-2015

1 million people benefitted in Mexico, South America, Spain and the US (of which 256,000 in 2013)

Data verified by Deloitte
Supporting SMEs growth and their social impact

Yo soy Empleo (I am employment)

- 7,700 SMEs supported to grow and create
- 10,000 jobs in Spain (55% open-ended contracts)
- 3,000 participants in training sessions
- €26 million investment

First company to adhere to the Strategy for Entrepreneurship and Youth Employment in Spain

Chosen for inclusion in the Enterprise 2020 campaign

Other local initiatives

- Yo Soy Pyme (Mexico)
- Crédito flexible (Chile)
- Líneas ICO (Spain)

Goals 2013-2015

- 10,000 economic grants given to SMEs (Yo soy empleo)
- 8,000 SMEs benefiting from business training programs

Data November 2015
Promoting banking solutions for financial inclusion, specially in emerging markets

BBVA Microfinance Foundation

- 7 countries
- +1.5 million customers
- 488 branches
- 7,472 employees

Express Account

Low-cost product that has made easier for 2 million people to access financial services in Mexico

Banking correspondents

Enhancing our point of sale network to avoid financial exclusion
- 45,000 service points
- 72 million transactions

Goal 2013-2015

Increase in the number of customers of microfinance institutions

United Nations Award for Best Social Business in 2012

Data verified by Deloitte
Supporting people with special needs

**Comprehensive Plan to help families in difficult situations in Spain**

- **66,166** clients refinanced in light of payment difficulties
- **1,150** families benefited by the integration program receiving
- **900** houses for social rent

**Plan for people with Different Capacities 2014**

- “BBVA Integra Award”: **€200,000** cash prize for entities supporting the social and labor integration of people with disabilities

**CRA BBVA Compass**

- **€11,000 million** in loans, investments and services pledge for low income communities

Data verified by Deloitte
Outlines BBVA's commitment to sustainable development and considers its influence on the environment in terms of its direct and indirect impact.

- Leaders in funding and advising
- In 2014, seven operations financed with an installed capacity of 1,045 MW for over €234 million

Establishes targets per employee for a three year period, aimed at reducing CO2 emissions, paper, water and electricity consumption and increasing ratio of people working certified buildings and offices.

- Adhered to the Global Investor Statement on Climate Change
- Adhered to the Declaration of Intent on Energy Efficiency Finance promoted by UNEP FI
- Member of the Spanish Green Growth Group
- Registered in the Carbon Footprint, Offsetting and CO2 absorption projects Registry of Spanish Ministry of Environment
- Joined the ‘1 million commitments to climate’ campaign, promoted by the Ministry
- BBVA ranked 4th by Boston Common AM for its climate commitments
Driving social integration of children and adults

Niños Adelante scholarship program (Latin America)

Children’s Knowledge Olympics (Mexico)

NBA Cares - Team. Works. In school (US)

Acción Magistral project (Spain)

455,871 integration scholarships and €106 M invested in Latin America (2007-2014)

More than 10,000 children have received scholarships over the 13 years of this collaboration

1,152 beneficiaries in the U.S. with volunteers from BBVA Compass and NBA in 2014

3,426 teachers participation in 2014

667 teachers trained through the more than 40 courses offered since its launch

Goal 2013-2015

2,000,000 beneficiaries of education for society programs

Data verified by Deloitte
BBVA Foundation

- Support for advanced research in biomedicine, basic science, environment and socio-economics
- Promotion of cultural activities: music and visual arts
- "BBVA Foundation Frontiers of Knowledge Awards"
  - 8 categories
  - €3.2 million award
Promoting a culture of social commitment and **shared values** among employees

**Global Corporate Volunteering Plan**

- **10,403** BBVA volunteers
- **8%** of total workforce

**Territorios Solidarios**

- **€1.65** million in grants
- **175** charitable projects approved
- **14,000** employees participating (Spain)

**Training**

- **€35** million investment
- **52 hours** of training per employee
- **96%** employees trained

**Global Diversity Plan**

- **19%** women in the management team
  (+67 basis points up on previous year)
- **Diversity Charter** and **UN Women’s Empowerment Principles** signatory

**Goal 2013-2015**

- **+2 points** internal employee reputation

Data verified by Deloitte
BBVA’s impact on society
BBVA’s impact on society

Contribution to development - customer support

- 5 million people live in homes financed by BBVA
- 412,104 SMEs in the world supported by BBVA
- 1,222,436 microenterprises and self-employed professionals supported by BBVA

Creating wealth

- €8,179 M contribution through paid and accrued taxes
- €748 M investment in technology and innovation
- €870 average dividend
- 1 million individual shareholders

2014 Data verified by Deloitte
BBVA's impact on society

Job creation

7,915 new permanent hires at BBVA

of which 57% under 30 years old

10,000 new employees with YSE support project

Contributions to society

€107 M Investment in social programs (direct contribution to society)

316,692 beneficiaries of social programs in education

6.2 million beneficiaries from BBVA Microfinance Foundation activity

2014 Data verified by Deloitte
For further information

www.bbvaresponsiblebanking.com
Responsible Banking

A different way of banking

November 2015