



BBVA Creating
Opportunities

Responsible Banking

A different way of banking

March 2017



Summary

- 01** What do we mean by Responsible Banking?
- 02** How do we do Responsible Banking?
- 03** BBVA's impact on society



01

**What do we mean
by Responsible Banking at BBVA?**

Responsible banking policy, a driver to deliver our purpose every day

Our purpose

To bring the age of opportunity to everyone

Aligned with our vision of the future

Helping customers to achieve their life goals

Be more than a bank, be an engine of opportunities

Having a true impact on people's lives and business

Mission of our responsible banking policy

To manage the responsibility that comes from the impact of BBVA's activities on people & society

Holistic approach to responsible banking

Return adjusted to principles

Integrity

Prudence

Transparency

With a multistakeholder approach



And with the whole bank involved

- Business Units & Support Areas are integrating it in their operational models
- Responsible Business function working mainly as a second line to challenge and give support to all areas

Role of Responsible Business: 2nd line to ensure that people are systematically placed at the decision-making processes

Governance and Accountability

Responsible business function reports directly to the Board of Directors



**Board of
Directors**

Approval and monitoring of
the CSR policy and responsible
business plan

Report to plenary (twice a year)
& to different committees



Leadership

Global Leadership
(twice a year)

Local Leadership



**Operational
Model**

Responsible Business
co-dependency: Customer
Solutions & Communications

Global & local teams
(140 people)

International standards with BBVA's active participation





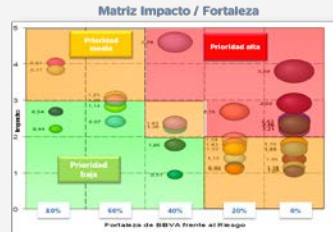
02

How do we do Responsible Banking?

1. Reputational Risk Management Model

Outcomes

(Global & local)

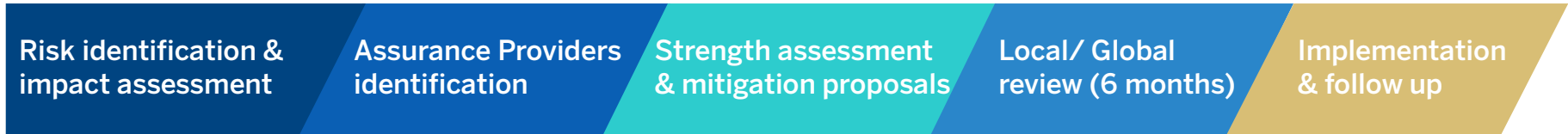


Impact vs Strength Matrix



Mitigation actions

Process



Governance & Accountability

- Reputational risk appetite + ICAAP
(integrated in Global Risk Management)

- Reputational Risk Working Group
(integrated in Corporate Assurance Framework)
Operational Risk, Responsible Business, Compliance & Comms

2. TCR relationships with our customers (transparent, clear & responsible)

TCR relationships

Systematically ensure that BBVA's interactions with customers are transparent, clear and responsible to help them to make better financial decisions

Transparent

Include all relevant information for the customer in balanced way

Clear

Make it easy to understand (it has to do with language and structure)

Responsible

Take into account customer interests in the S/M/L term

OUR ASPIRATION 2018

1st clearest and most transparent bank in major markets

What are we doing?

TCR to transform the traditional bank

TCR advertising code

Apply to all main campaigns

TCR summary pages & commercial protocols

550 SP covering 90% of sales in 8 Countries

TCR external sales & call centers

News scripts in 4 countries

TCR contracts

27 contracts in 8 Countries

TCR complaints management

Pilot in Colombia

TCR to create the new bank

TCR in SDA* customer solutions

TCR specialists in global SDA
TCR guardians in local SDA

TCR in agile methodology

TCR specialists in global SDA
TCR guardians in local SDA

TCR training & UX system

800 people trained

ROI for TCR relationships (example)



Growth

- Higher customer recommendation (NPS)
- Higher non-customer consideration
- More digital sales

Return on Capital

- Less complaints
- 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
- Anticipating regulation

3. Financial Education & Capability Building

Financial education for society

More than
2.5 million
participants

€10 million
invested

Financial capabilities into customer solutions



Advocacy & knowledge generation

PISA assessment on Financial Literacy promoted by



and supported by BBVA



Instituto **BBVA** de **PENSIONES**

4. Promoting banking solutions for Financial Inclusion, specially in emerging markets

BBVA Microfinance Foundation



5 Countries +1.8 million customers

507 branches 8,038 employees



United Nations Award for Best Social Business in 2012



United Nations grants consultative status to BBVA Microfinance Foundation

Financial inclusion segment

- **+9.5 million customers** in Mexico, South America, Spain & Portugal
- **Low-cost digital channels** and **easy-to-use** products

Cuenta Express:

+3.5 million active accounts

Banking correspondants

+50,000

Remittances:

+70 million transactions/year

5. Climate strategy

Reduction of direct impacts

New Global Eco-efficiency Plan. Goals 2016-2020 (per person):

- 8% CO2 emissions
- 5% paper consumption
- 5% water consumption
- > 5% electricity consumption
- 42% people working in certified buildings (ISO, LEED)
- 48% of energy from renewable sources

Providing climate finance solutions

Leading in renewable energy funding:	5,194 MW financed for a total of €4,444M
Leading Spanish institution in green bonds underwriting:	€5,350M in 2016
Green lines financing :	IFC, EIB, IADB...
Support to main industry initiatives:	EMF-ECB Energy Efficiency Mortgage Initiative; EBRD-UNEP FI Statement by Financial Institutions on Energy Efficiency; European Financial Services Roundtable

Sustainable
Finance and Customers.

Integration of environmental factors into risk management*

(*) See next slide

6. Integration of environmental & social factors in risk management

Environmental Policy	Continually improve the identification and management of environmental risks in the Group's operations.
Equator Principles	Reviewing all operations under the EP, regardless of the amount. Application beyond their mandatory scope.
Rules of Conduct in Defense	Applied in all countries. Exclusion lists of companies and countries updated quarterly.
Social Housing Policy	Analysis of every case by the Committee for the Protection of Mortgage Debtors. Providing individual solutions in accordance with each family's specific situation.
Ecorating tool	Risk portfolio rating of SMEs from an environmental perspective. Applied in Spain and Mexico.
Responsible lending	Corporate Retail Credit Risk Policy and Specific Rules on responsible granting of loans and consumer credit.
Human Rights	Specific commitment and global due diligence in process perspective.

New environmental & social risk framework (to be approved in 2017)

7. Development of high social impact customers solutions

Comprehensive plan to help families in difficult situations in Spain

+ 66,000 clients refinanced in light of payment difficulties

+ 4,000 houses for social rent

Over 1,800 families benefited by the integration program

BBVA commitment in US on CRA

6 year commitment of \$11,000 million in loans, investments and services pledge for low income communities

BBVA Compass

SMEs integral support in all markets

 Yo Soy Pyme

 Crédito flexible

 Líneas ICO & Yo Soy Empleo Academy

 Women entrepreneurs

8. Customer Privacy & Data Security

Optimal capital
allocation 

New business
models 

Drive digital
sales 

New standard in
customer experience 

Operational and technological risk management

- New Engineering Risk & Corporate Assurance unit
- Focus on adapting the levels of information protection to the new challenges arising from the Group's digital strategy
- BBVA CERT: new center of BBVA Group's cybersecurity and fraud strategy.
- Cyber Trust Program: continuous cybersecurity monitoring and improvement plan

Data protection risk management

- Risks identification and assessment
- Consistent set of policies and procedures
- Definition of a whole range of mitigation measures/ actions focused on mitigating identified risks
- Definition and tracking of indicators such as consumers claims/complaints, security incidents/breaches or independent review processes, including a causal analysis
- Reputational risk assessment

Specific Technology & Cybersecurity Board Committee

9. Promotion of a culture of social commitment and shared values among employees



Global Corporate Volunteering Plan

+8,000 BBVA
volunteers devoted
+100,000 hours

Training

€45.5 million
investment

39 hours of training per
employee

91% employees trained

Territorios Solidarios

€1.6 million in grants

176 charitable projects
approved and

+1 million
people benefited

Global Diversity Plan

20.8% women in the
management team

Employee ratio
54% women / 46% men

Diversity Charter and **UN Women's Empowerment Principles** signatory

10. Other Social programs: education, entrepreneurship, science & culture

Education



Mexico



Turkey

**The Teachers
Academy Foundation.**



Spain



Entrepreneurship

Integral program to support social enterprises in their growth



Program to identify, award & support fintech start-ups

BBVA
Open Talent

Science & culture

Fundación BBVA

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"



03

BBVA's impact on society

BBVA's impact on society

Contribution to development - customer support

€122,793M

in homes financed

2,5 million

SMEs, micro-enterprises and self-employed workers supported

€23,552M

of finance granted to SMEs, micro-enterprises and self-employed workers

Creating wealth

€9,440M

contribution through paid and accrued taxes

€5,267M

paid in salaries and wages

€1,043M

of remuneration in cash to shareholders

Contributions to society

€92,7 M

investment in social programs

150,165

children and young people with integration grants

1,8 million

customers supported by the BBVA Microfinance Foundation



For further information

www.bbvaresponsiblebanking.com