Accelerating profitable growth in our main markets: Mexico

EDUARDO OSUNA, COUNTRY MANAGER MEXICO
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Macroeconomic Environment
Favorable Perspectives for Mexico

Solid Economic Recovery

GDP & EMPLOYMENT (YoY %)
- GDP & Employment
- GDP: 1.7% 6.0% 9.5% 3.1% 3.1%
- Employment: -0.2% 4.2% 3.5% 1.1% 1.1%

INVESTMENT (YoY %)
- Private Investment & Public Investment
- Private Investment: 13.8% 10.9% 4.5% 2.0% 1.8%
- Public Investment: -3.2% -8.9% 8.5% 3.0% 1.8%

INFLATION & MONETARY POLICY (% EOP)
- Monetary Policy Rate & Inflation
- Monetary Policy Rate: 7.25 6.9 5.5 5.5 5.5
- Inflation: 2.8 3.2 3.5 3.5 3.5

USA-MEXICO CONNECTION (FIGURES AS OF 2020)
- Remittances
  - USD 40.6 bn | 11% YoY
- MX Imports from USA
  - USD 212 bn
- USA Imports from MX
  - USD 325 bn
- MX Exports to USA = 81%

With social, geographic & political balances

- Democratic elections
- Solid institutions (counterweights)
- Multiple Trade Agreements
- Privileged geographic location

Source: INEGI and BBVA Research Mexico.
Opportunity to continue boosting banking penetration

**POPULATION HIGHLIGHTS**

<table>
<thead>
<tr>
<th>2010-2020 growth</th>
<th>13.0%</th>
<th>1.4%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean population age</td>
<td>29</td>
<td>42</td>
</tr>
<tr>
<td>Adults w/ bank account</td>
<td>47%</td>
<td>95%</td>
</tr>
<tr>
<td>Cash usage &lt; 20€</td>
<td>95%</td>
<td>&lt;78%</td>
</tr>
</tbody>
</table>

**LOANS TO PRIVATE SECTOR**

<table>
<thead>
<tr>
<th>Country</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>216.3</td>
</tr>
<tr>
<td>Chile</td>
<td>123.8</td>
</tr>
<tr>
<td>Spain</td>
<td>108.4</td>
</tr>
<tr>
<td>Mexico</td>
<td>38.7</td>
</tr>
</tbody>
</table>

**INFORMAL EMPLOYMENT** 2019, %

<table>
<thead>
<tr>
<th>Country</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>COL</td>
<td>62.4</td>
</tr>
<tr>
<td>Mexico</td>
<td>56.5</td>
</tr>
<tr>
<td>Brazil</td>
<td>45.0</td>
</tr>
<tr>
<td>Chile</td>
<td>29.3</td>
</tr>
</tbody>
</table>

**ATMs / 10k HABITANTS** 2019 figures

<table>
<thead>
<tr>
<th>Country</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>21.4</td>
</tr>
<tr>
<td>Spain</td>
<td>10.6</td>
</tr>
<tr>
<td>Mexico</td>
<td>6.2</td>
</tr>
<tr>
<td>Chile</td>
<td>5.0</td>
</tr>
</tbody>
</table>

**BRANCHES / 100k HABITANTS** 2019 figures

<table>
<thead>
<tr>
<th>Country</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>19.6</td>
</tr>
<tr>
<td>Spain</td>
<td>49.7</td>
</tr>
<tr>
<td>Mexico</td>
<td>13.7</td>
</tr>
<tr>
<td>Chile</td>
<td>13.1</td>
</tr>
</tbody>
</table>

Source: Organization for Economic Co-operation and Development (OECD), calculated as the sum of sub-index in financial knowledge, behavior and attitudes. World Bank, CBNV and INEGI. Figures as of 2020.
BBVA Mexico
Leading growth
BBVA Mexico | BBVA MX COMPETITIVE STRENGTHS

FOOTPRINT
Sep. 21

Clients
24.6 M
Employees
39.4 k

ATM’s
13,139 #1
Main Peer 9,557
Branches
1,721 #2
Main Peer 1,952

DIGITAL CAPABILITIES
9M21

Digital Clients
14.6 M
+29% YoY

Digital Sales Units
69%
vs 63% 9M20

TRANSACTIONS
Financial transactions usage. Figures as of Sep.21 in %

Mobile / Web
53%

Branches
23%

Mobile / Web
2016 2021
19% 6%

LEADERSHIP
Sep. 21 (market share)

Performing Loans
Customer Deposits
NPS
Brand Power
23.8% Next Peer 15.1%
23.2% Next Peer 14.6%
64 pts. Next Peer 35 pts.
29.1% Next Peer 18.7%

Source: CNBV public information
Solid and sound growth with a profitable mix

Leading Market Shares

**PERFORMING LOANS**
- **BBVA**: 23.3% in 2016, 23.8% in Sep. 21
- Main Peer: 15.7% in 2016, 15.1% in Sep. 21

**DEPOSITS**
- **BBVA**: 22.7% in 2016, 23.2% in Sep. 21
- Main Peer: 16.5% in 2016, 14.6% in Sep. 21

Profitable Business Mix

**LOAN MIX** (Sep. 21, %)
- BBVA: 21%, 23%
- Main Peers: 23%, 17%
- G6: 21%, 11%
  - Mortgages: 43%, 49%
  - Consumer: 13%, 11%
  - Government: 19%, 13%
  - Enterprises: 15%, 17%

Loans and deposits growing above GDP 2.2x avg.

**DEPOSITS MIX** (Sep. 21, %)
- BBVA: 17%, 17%
- Main Peers: 27%, 37%
- G6: 24%, 47%
  - Time: 83%, 73%
  - Demand: 17%, 27%

Loan mix towards more profitable segments

A more efficient deposits mix with higher weight in low cost funds

Source: CNBV Public information. Note G6 includes Banorte, Santander, Citibanamex, Scotiabank, HSBC and Inbursa.
We constantly transformed ourselves to lead the banking industry in Mexico

1. A larger and more profitable bank

2. A distinctive bank for our clients based on a unique value proposition

3. Continue leading efficiency, through operational excellence
1. A larger and more profitable bank
   ▶ We are people’s bank
   ▶ We are enterprises & government’s bank

2. A distinctive bank for our clients based on a unique value proposition

3. Continue leading efficiency, through operational excellence
We’re the people’s bank, outperforming in every product line

Consolidating our leadership position
(Market Shares as of Sep.21)

1st Credit Card (%) 30.9
Next peer 23.8

1st Payroll Loans (%) 38.1
Next peer 20.3

1st Auto Loans (%) 32.2
Next peer 19.5

1st Mortgages (%) 25.7
Next peer 19.2

2nd Personal Loans (%) 21.7
Next peer 25.9

1st Bancassurance (%) 29.7
Next peer 18.5

Source: CNBV Public information (local data)

Our strategy for sustainable growth

Boost New Customer Acquisition

<table>
<thead>
<tr>
<th>New accounts 9M21</th>
<th>Digital 9M21</th>
</tr>
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<tbody>
<tr>
<td>2.7M</td>
<td>62.4%</td>
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</table>

Growing in Profitable Segments

<table>
<thead>
<tr>
<th>Affluent &amp; Private Banking</th>
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<tbody>
<tr>
<td>2.6x New clients Sep. 21 vs. Sep. 16</td>
</tr>
<tr>
<td>2x EBT growth Dec.21e vs. Dec-16</td>
</tr>
</tbody>
</table>

Outperforming in Products That Matter to Clients and Boost Cross Sell

<table>
<thead>
<tr>
<th>Payroll Market Share (Ago. 21)</th>
</tr>
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<tbody>
<tr>
<td>Contracts (#) Disbursed (amount)</td>
</tr>
<tr>
<td>27.4% +79 bp YoY 43.4% +57 bp YoY</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DC &amp; CC Usage</th>
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<tbody>
<tr>
<td>43% Market Share Total CC &amp; Dctxns</td>
</tr>
<tr>
<td>2.8x ecommerce growth YoY</td>
</tr>
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Positive Performance in the Insurance Business

<table>
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<tr>
<th>NAP Market Share (Jun. 21)</th>
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<tbody>
<tr>
<td>+18% YoY Policies (premiums ex savings)</td>
</tr>
<tr>
<td>+8,100 Policies in 2 months</td>
</tr>
</tbody>
</table>

of total insurance industry

Auto, Life & Home
We’re also the enterprise and government bank

Consolidating our leadership position
(Market Shares as of Sep.21)

1st SMEs (%)
25.2
Next peer 16.7

1st Large Enterprises (%)
19.2
Next peer 11.9

1st Government (%)
28.6
Next peer 27.5

Well positioned in corporate segments
(Market Shares (% Share of Wallet as of Ago.21)

1st DCM
21

1st ECM
67

1st Syndicated Loans
25

1st Structured Notes
60

Our strategy for sustainable growth

INCREASE SMALL AND MEDIUM ENTERPRISE BANK PENETRATION (Sep.21)

SME's New clients
+18.4%
Increase in client base YoY

New POS
18.2x YoY

> E2E digital onboarding
> Openpay SME product offering
> Credit offering for micro businesses

NEW PROFITABLE CLIENTS IN COMMERCIAL (Sep. 21)

Medium Enterprises

+55%
More origination YoY

+3,300
New clients YoY

> E2E digital onboarding
> B2B2B partnerships

BOOSTING BUSINESS COMMERCE (Sep. 21)

645k POS Terminals
Sep. 21

33.0%
Market Share
POS enrollment

Source: CNBV and CONDUSEF Public information (local information)
1. A larger and more profitable bank

2. A distinctive bank for our clients based on a unique value proposition
   - Leading growth with innovation
   - Financial inclusion and Sustainability

3. Continue leading efficiency, through operational excellence
Leading growth with innovation and services beyond branches

**App BBVA**

- The reference in ELECTRONIC PAYMENTS AND FINANCING
- **14.1M** Mobile clients Sep.21

- Financial Health
- Buy now & pay later
- Digital Services
- In-app rewards

**Card Experience**

- **AQUA & INFINITE BIOMETRIC**
  - Aqua
  - Infinite
  - Maximum Security
  - First biometric contactless credit card

- **6.3M clients with digital card**
  (Sep.21, e-commerce, CC+DC)

**App BBVA Enterprises**

- DIY approach and better service for SMEs and Companies
- **290K** Mobile clients Sep.21

- DIY Servicing
- POS Advance
- Biometric Auth.
- FX sales/transf.
- Balance mgmt.

**Best experience for our customers**

(Digital customers vs non-digital customers Sep.21)

- **2x** CROSS-SELL
- **2.2x** HIGHER NPS
- **2.9x** LESS ATTRITION
Promoting financial inclusion and sustainability

<table>
<thead>
<tr>
<th>Increase financial inclusion</th>
<th>Mobilize sustainable financing</th>
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</table>
| › Boost CoDi
  5.7M ENROLLED BBVA ACCOUNTS 61% MARKET SHARE as of Sep. 21 | › Use of **recycled plastic** in the new Aqua Cards |
| › Specific product solutions
  **5.7M** ENROLLED BBVA ACCOUNTS 61% MARKET SHARE as of Sep. 21
  **3.2M** TXNS 38% MARKET SHARE as of Sep. 21 | › **Granting of credit** with special conditions to individuals and companies
  - **€104M** RETAIL 9M21
  - **€1,875M** WHOLESALE LOANS & BOND UNDERWRITER 9M21 |
| 48,200 NEW CARDS 9M21 | › **First Private Bank** to issue a Green Bond in the mkt
  **Mkt Share Green Bond underwriter** (Sep. 21, %) **28.0** Next peer **21.2** |
| Link Card DEBIT CARD <18 YEARS | › **Issuance for clients of Social Bonds**
  **€316M** 9M 2021 |
1. A larger and more profitable bank

2. A distinctive bank for our clients based on a unique value proposition

3. Continue leading efficiency, through operational excellence
Continue leading efficiency through operational excellence

More transactions through more efficient channels

MORE TRANSACTIONS
+1,700 M 9M21
+87% 9M21 vs. 9M16

EFFICIENT CHANNELS
% of total financial transactions
4x lower cost
19% 2016
6% 2021
46% 2016
35% 2021
23% 2016
53% 2021

OPTIMIZING INFRASTRUCTURE
-8% Less branches vs DEC-16
146 openings
242 closings

Improving servicing with data & Tech

CLAIM REDUCTION
9M21
77% Solved 1st contact
38% Through App

TRANSACTIONS EVOLUTION
9M21
50% Of TXNs at ATMs are servicing (non cash withdraw)

PRODUCTIVITY INCREASE
Dec. 21 vs. Dec. 19
+23% Relationship Managers productivity

Evolution of our Efficiency Ratio

2016 9M21
BBVA Main Peers G6
49.7 53.0
39.4 36.5

Note G6 includes Banorte, Santander, Citibanamex, Scotiabank, HSBC and Inbursa (Financial Group Reports). Local Information
Consolidating our profitable growth

Surpassing pre-pandemic levels

**NET ATTRIBUTABLE PROFIT**
(MILLION CONSTANT EUROS)

- **9M19:** 1,766
- **9M20:** 1,229
- **9M21:** 1,811

Outstanding profitability

**NAP MARKET SHARE (%)**

- **BBVA:** 34.5%
- **Next Peer:** 16.0%

  +332 bp vs. 2016
  -17 bp vs. 2016

**LOAN MARKET SHARE (%)**

- **BBVA:** 23.8%
- **Next Peer:** 15.1%

  +48 bp vs. 2016
  -59 bp vs. 2016

Outperforming peers

**ROE (9M21, %)**

- **BBVA:** 21.4%
- **Main Peers G6:** 12.2%

**NPL (9M21, %)**

- **BBVA:** 2.4%
- **Main Peers G6:** 1.9%

Source: CNBV information (local information). Note G6 includes Banorte, Santander, Citibanamex, Scotiabank, HSBC and Inbursa (Financial Group Reports)

Our results reflect our market leadership
Final Remarks

1. STRATEGY
A clear strategic path around our purpose and priorities to continue growing in profitable segments.

2. EXECUTION
Constant transformation journey, leveraged on data and technology to support our customers in their life and business, while continue providing the best service.

3. EARNINGS POWER
Uniquely positioned to take advantage of the market opportunities despite changing and challenging macroeconomic conditions, and continue to focus on having “the best in class efficiency” model.

OUR AMBITIOUS GOALS

- **Revenues**: CAGR 21-24 close to double digit
- **Efficiency**: low 30’s in 2024
- **Cost of Risk**: < 300bps on average 2022-24