Accelerating profitable growth in our main markets: Spain

PEIO BELAUSTEGUIGOITIA, COUNTRY MANAGER SPAIN
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Index

01 Competitive environment
02 Achievements 2016-21
03 Strategy 2022-24
04 Conclusions
In a low interest rate environment, we can glimpse better prospects for the banking industry, as deleveraging comes to an end.
Relevant achievements in last 5 years

Customer growth

CUSTOMER ACQUISITION

3.5 million new customers 2016-21e

50% through digital channels in 2021 (vs. 9% in 2016)

18% market share in new customer acquisition in 2021¹

Capital allocation in the most profitable products

CONSUMER LOANS (€Billions, %)

8.3 14.8
Dec16 Sep21 +79%

+13% CAGR

VERY SMALL BUSINESS LOANS (€Billions, %)

12.2 15.4
Dec16 Sep21 +26%

+5% CAGR

(1) Source Madison 9M21
Relevant achievements in last 5 years

Non interest income growth

NET FEES & COMMISSIONS (€Millions, %)

- 2016: 1,477
- 9M21 annualized: 2,128
- +44% CAGR

INSURANCE RISK PREMIUMS (€Millions, %)

- 2016: 978
- 9M21 annualized: 1,286
- +32% CAGR

Leading efficiency ratio

EFFICIENCY RATIO (%)

- 2016: 57.8%
- 2017: 57.4%
- 2018: 53.0%
- 2019: 51.0%
- 2020: 49.3%
- 9M21: 49.3%

2016-2021e

- >65% digital sales % of total sales 9M21 (Units)
- -43% branches in 5 years
- -20% cost base in 5 years
As a result, **BBVA Spain enjoys a differential position**

**Efficiency and Profitability**
(9M21, %)

**Retail banking Net Promoter Score**
(9M21, %)

RoRC: Net profit / Avg. APRs * 11.5%
Peers: CaixaBank, Sabadell Spain & Santander Spain

*Source: Madison

Leading the industry profitability and achieving superior client satisfaction
Looking forward, with a clear focus on our objectives:

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
New customer acquisition both in own channels and through third parties agreements

<table>
<thead>
<tr>
<th>Own channels</th>
<th>Third parties agreement</th>
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<tbody>
<tr>
<td>LEVERAGING ON OUR DIGITAL CAPABILITIES</td>
<td>MAIN LINES OF ACTION</td>
</tr>
<tr>
<td><img src="image" alt="Best in class onboarding process" /></td>
<td>Tech players agreements</td>
</tr>
<tr>
<td><img src="image" alt="Excellence Bank change Service" /></td>
<td>Buy-now-pay-later value proposition</td>
</tr>
<tr>
<td>A PLATFORM FOCUSED ON ENGAGEMENT</td>
<td>Financing through partnerships</td>
</tr>
<tr>
<td><img src="image" alt="70% Engaged clients in six months" /></td>
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</table>

ASPIRATION 2021-24

+3.6 MILLION

New customer acquisition yearly average 2016-21
Our aim is to target different business

**RETAIL**
- Standardized solutions: self-consumption, energy efficiency, and more
- Tailor-made financing solutions

**WHOLESALE**
- Tailor-made solutions around power
- Large scale renewable projects
- Support our client’s transition with advice and financing
- Industry coverage & new clients

And all this supported by a dedicated and committed team covering all the business lines and fully integrated into existing origination and risk processes.
Loan growth in the most profitable segments: Consumer

**Consumer loans market share (%)**

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<tbody>
<tr>
<td>Sep16</td>
<td>10.9%</td>
<td></td>
</tr>
<tr>
<td>Sep21</td>
<td>14.9%</td>
<td>+400 bps</td>
</tr>
</tbody>
</table>

**Main lines of action**

- Strong risk models support pre approved loans to our customers
- Best in class digital capabilities
- Data capabilities & business intelligence to maximize cross-sell
- Standardized turnkey solutions together with key partners, both own channels and third parties

**ASPIRATION**

2021-24

+30% (+9% CAGR)

loan growth
Very Small Business & Mid-Size Companies

Commercial* Loans (€Billions, %)

<table>
<thead>
<tr>
<th></th>
<th>Dec16</th>
<th>Sep21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>28.2</td>
<td>34.7</td>
</tr>
<tr>
<td>Growth</td>
<td>+23%</td>
<td></td>
</tr>
<tr>
<td>Dec16 - Sep21</td>
<td>4%</td>
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</table>

Growing in pre-approved loans
Proactive offering
Intelligence Customer Relationship Management

ASPIRATION 2021-24

+20% (+6% CAGR)

Sustainability
- Financing solutions for each asset
- Project finance
- Coverage for companies throughout energy value chain

International solutions
Transaction engagement

Standardized green solutions together with key partners

Pricing policies aligned with return on capital to ensure profitability

(*) Very Small Business + Mid-Size companies
Strengthen diversification, prioritizing high value verticals: Payments

Sep-20 launched Aqua credit card

Issued credit card

9M21 vs. 9M20

Issuing
- Strengthen Aqua value proposition

Acquiring
- Modeled and reinforced offer
- Value added services
- Specialized e-commerce salesforce

Taking advantage of new rails opportunities

Leading the payments transformation
Asset management and insurance key products to increase cross sell

1 | A LARGER AND MORE PROFITABLE BANK

Asset Management and Insurance as high value verticals

**Asset Management**

- **OFF BALANCE SHEET**
  - (€BILIONES, %)
  - +26% to 87 (Sep21)
  - +5% CAGR

- Mobilizing excess liquidity
- Personalized proposals based on individual client's profile
- New products: Sustainable product offering, "Megatendencia" Funds, and more

**Insurance**

- **NON LIFE INSURANCE PREMIUMS**
  - (€MILLIONS, %)
  - +47% to 860 (9M21 annualized)
  - +8% CAGR

- Product specialization
- Data capabilities to maximize sales
- Improvement in digital experience

**ASPIRATION 2024**

- >50% active customer base have an investment product or an insurance (vs. 35% Sep21)
Build differentiation based on advice, allowing us to increase sales

<table>
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<tr>
<th>Monthly client interactions with advisory tools (Millions)</th>
<th>Customers user advice tools vs. non user (Sep21)</th>
<th>Main advisory tools (Sep21)</th>
</tr>
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<tbody>
<tr>
<td></td>
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<td>INVEST</td>
</tr>
<tr>
<td>Jan20 5.2</td>
<td>6.8 (Sep21) +30%</td>
<td>17% Mutual Funds contracted using BBVA INVEST</td>
</tr>
<tr>
<td></td>
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<td></td>
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<tr>
<td>ATTENTION RATE</td>
<td>-38%</td>
<td></td>
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<tr>
<td>NPS</td>
<td>+39%</td>
<td></td>
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<tr>
<td>DIGITAL SALES in the last 6 months</td>
<td>X2</td>
<td>25% Mortgages granted using BBVA VALORA</td>
</tr>
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**ASPIRATION 2024**

>80% digital o/ total sales (units) (vs. >65% 9M21)

From Advising to Selling
3 | CONTINUE LEADING EFFICIENCY, THROUGH OPERATIONAL EXCELLENCE

**BBVA leading** the transformation of the relationship model with a **focus on remote assistance**

**Branch network (#)**

<table>
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<tr>
<th>Year</th>
<th>After restructuring</th>
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<tr>
<td>2016</td>
<td>3,303</td>
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<td></td>
<td>1,886</td>
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**“HAVE THE BANK IN YOUR POCKET”**

**REMOTE MODEL VS. IN BRANCH (Sep21)**

- CUSTOMERS PER SALESFORCE: +15%
- NPS: +19pp

**ASPIRATION 2021-24**

- 6 MILLION Customers using remote service (x1.7 vs 2021e)
- 50% Remote salesforce o / total salesforce (vs. 30% in 2021e)

(*) BBVA is an overall digital experience leader five year in a row according to “The Forrester Digital Experience Review”

**Digital experience leader five years in a row**
Takeaways & Guidance

Continue focusing on **profitable growth**, based on three-pillars:
- Increase the customer base
- Improving our lending mix
- Revenue diversification

Maintaining an **efficient allocation** of our capital keeping up strict price and risk management policies

Driving operational excellence, with a convenient, scalable and productive **relationship model**

Working on digitalization evolution driving productivity, efficiency and flexibility

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<th>Revenues 2021 / 2024</th>
<th>Efficiency goals for 2024</th>
<th>CoR 2022 / 2024</th>
</tr>
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<tbody>
<tr>
<td>Slight growth</td>
<td>To reach 45%</td>
<td>&lt; 35 bps on average</td>
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BBVA Investor Day