

Responsible Banking

A different way of banking

What's happening today?

1. Financial industry is still suffering a **reputational crisis**
2. key improvement areas for banks according 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

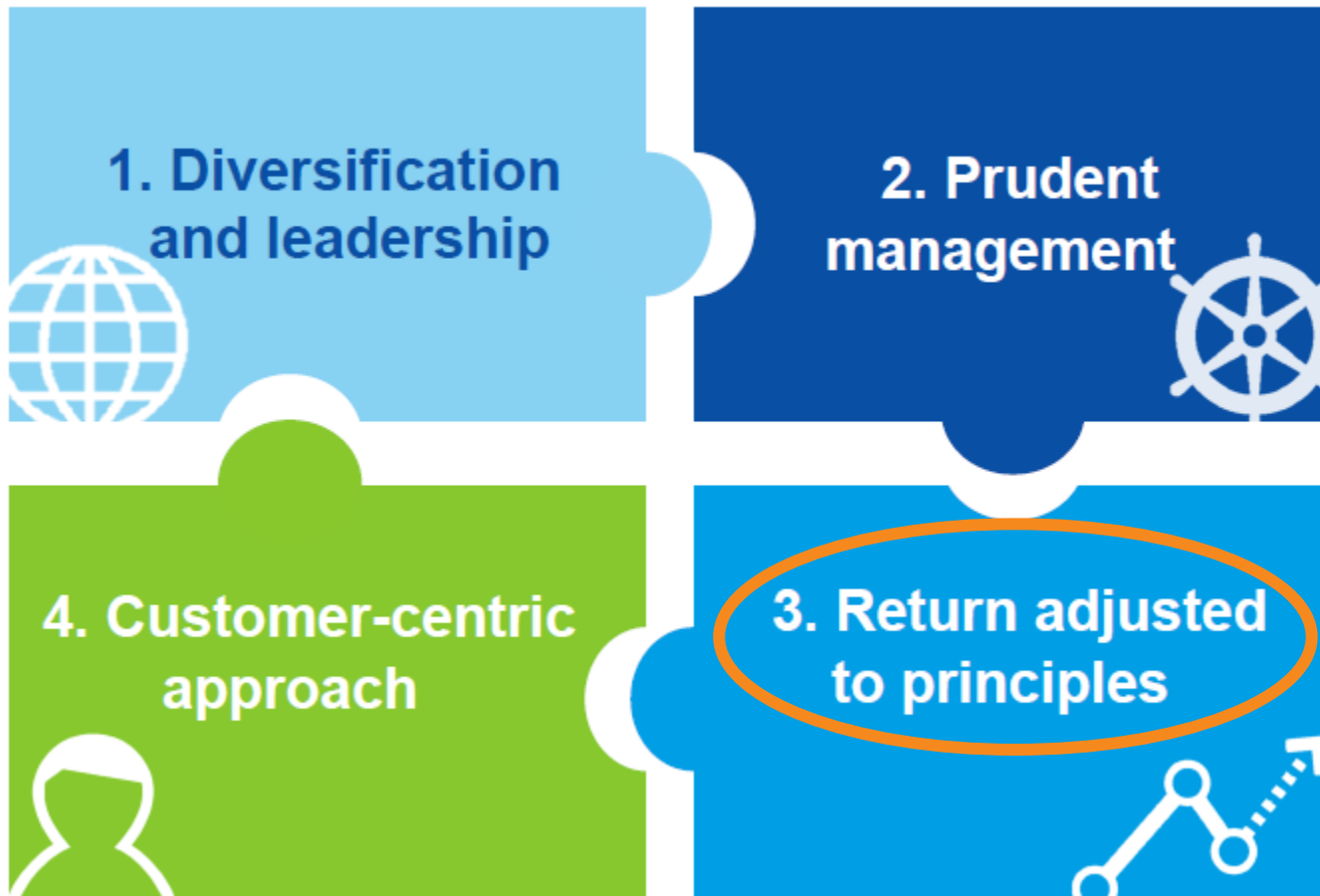
Summary

- 1 What do we mean by Responsible Banking?
- 2 How do we do Responsible Banking?
- 3 BBVA's impact on society

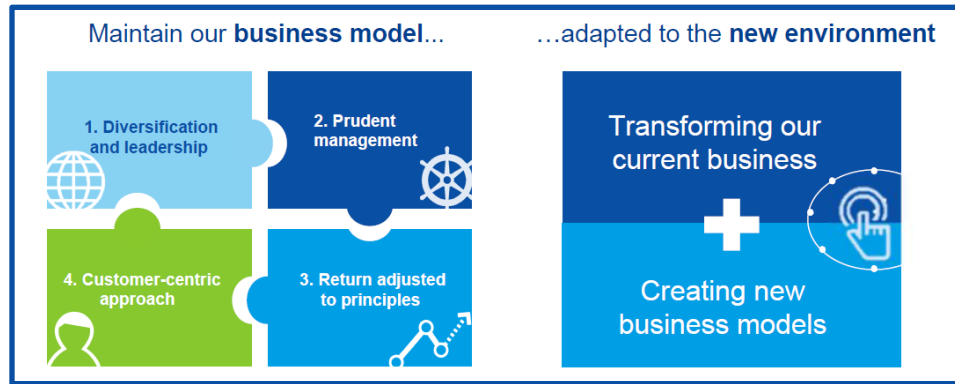


What do we mean
by Responsible
Banking at BBVA?

A **unique banking model** based on 4 pillars



A new competitive landscape: **strategy** focused on **transformation** from and to the **customer**

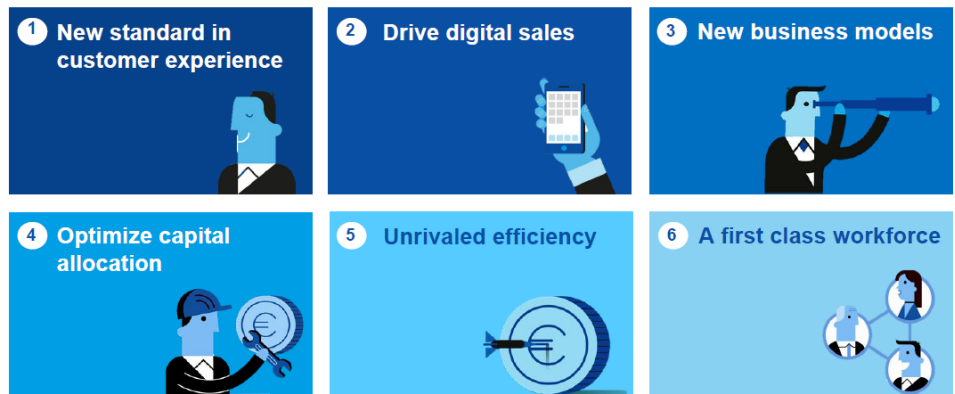


Be the best bank for our customers

1 Offering the **best banking solutions** to our customers

2 Helping customers make **better financial decisions**

Six strategic priorities



BBVA offers a **different way of banking**

Return adjusted to principles

Integrity

As a manifestation of ethics in its actions and in all its stakeholder relations

Prudence

Understood basically as the principle of precaution in risk-taking

Transparency

as a rule offering clear and truthful access to information within the limits of the law

Corporate Governance

Regulatory Compliance

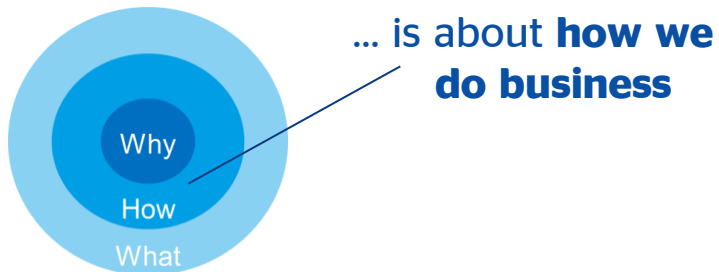
Risks

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



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

Board of
Directors

- Approval and monitoring the CSR policy and responsible business plan
- Report to plenary & to different committees (3 times a year)

Operational
Model

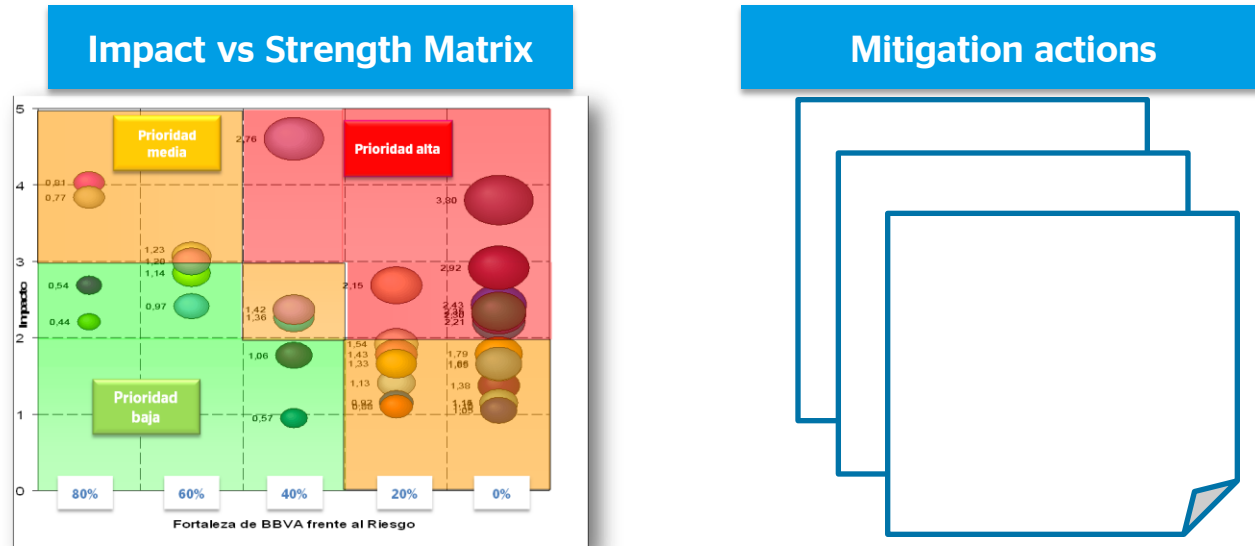
- Interventions at Strategy & Planning Group Meeting
- Interventions at Local Management Meetings
- Interventions at Solution Implementation Reviews (*)
- RB Co-dependency: Customer Solutions & Communications

Strategic Plan

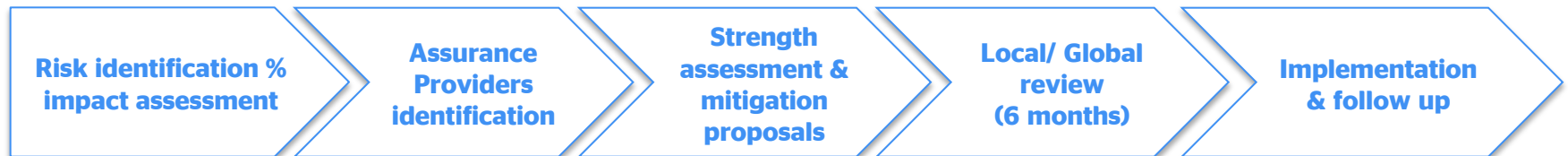
- Responsible Business Plan 2012-2015
- New Strategic Plan 2016-2018 to be approved by the Board on March 2016

Reputational Risk Management Model

Outcomes



Process



Governance & Accountability

Reputational Risk Committee

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

International standards with BBVA's active participation



BBVA as a **best practice**



MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM



FTSE4Good



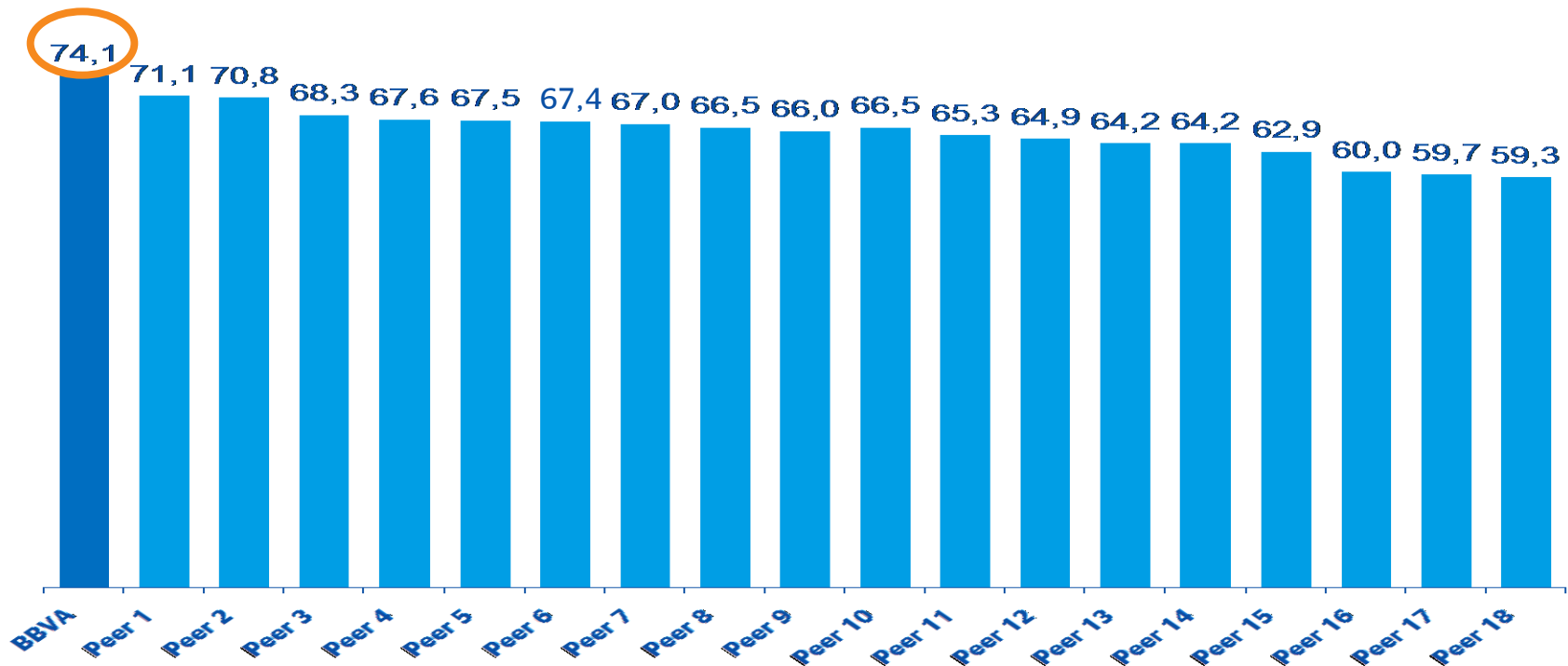
Triodos Bank

- 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

2

How do we do
Responsible
Banking?

1

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

TCR Summary Pages and Contracts ...

The image shows a BBVA website page for 'Depósito Creciente'. It includes a navigation bar with 'Cuentas y tarjetas', 'Hipotecas y préstamos', 'Ahorro e inversión', and 'Seguros'. The main heading is 'Depósito Creciente'. Below it, there are several sections with callouts: '¿Qué es?' (What is it?), '¿A quién se dirige?' (To whom is it directed?), '¿Qué ventajas te ofrece?' (What are the benefits?), '¿Cuáles son?' (What are its main features?), '¿Sabías qué?' (Did you know that...?), and 'Glosario' (Glossary). The callouts are represented by red boxes with white text.

BBVA

Cuentas y tarjetas | Hipotecas y préstamos | **Ahorro e inversión** | Seguros

Depósitos | Fondos de Inversión | Planes de Pensiones | Seguros y Más

Depósito Creciente

¿Qué es? What is it?

Es un depósito a plazo un producto sin riesgo que está cubierto por el Fondo de Garantía de Depósitos por un importe de hasta 100.000 €. Si quieres rentabilidad sin perder nada, aquí está el depósito.

¿A quién se dirige? To whom is it directed?

A clientes que buscan sacar partido a sus ahorros de forma segura.

¿Qué ventajas te ofrece? What are the benefits?

- ✓ Liquidez inmediata, es decir, puedes sacar el dinero cuando quieras.
- ✓ Sin comisión alguna en caso de cancelación anticipada. Además, recibes la parte de intereses correspondiente al tiempo que has mantenido el depósito.

¿Cuáles son? What are its main features?

- ✓ Importe mínimo: a partir de 3.000 €.
- ✓ Tipos de interés:

What are the costs?

What are the requirements?

¿Sabías qué? Did you know that....?

Glosario 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**

T

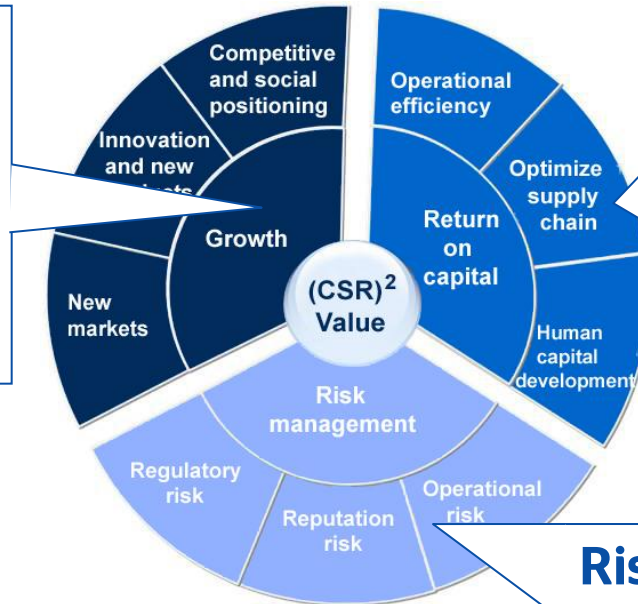
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R

ROI for TCR Communication (example)

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

2

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)

3

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

4

Promoting banking solutions for financial inclusion, specially in emerging markets

BBVA Microfinance Foundation



Fundación
BBVA MicroFinanzas

2014

7 countries

+1.5 million
customers

488 branches

7,472 employees



SOCIAL INVESTMENT
PIONEER AWARDS

United Nations Award for Best
Social Business in 2012

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

5

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

6

Environmental & Climate change

Environmental Policy

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



Renewable Energy

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

Global Ecoefficiency Plan

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



7

Driving social integration of children and adults



Organización
de Estados
Iberoamericanos
Para la Educación,
la Ciencia
y la Cultura

Niños Adelante scholarship program

(Latin America)

455.871 integration scholarships and
€106 M invested in Latin America (2007-2014)

Children's Knowledge Olympics

(Mexico)

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

NBA Cares - Team. Works. In school

(US)

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

Acción Magistral project

(Spain)

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

8

Promoting science and culture

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

9

Promoting a culture of social commitment and **shared values** among employees

Global Corporate Volunteering Plan

10,403 BBVA volunteers
(**8%** of total workforce)

Training

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

GREAT
PLACE
TO
WORK®

efr

EMPRESA CERTIFICADA

Territorios Solidarios

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

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

3

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

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

For further information

www.bbvarsponsiblebanking.com

Responsible Banking

A different way of banking