Sustainability as a business opportunity

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BBVA Investor Day

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Sustainability, the biggest transformation in human history

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At the top of the agenda… … requiring big investments… … in all geographies

196 countries
with new or updated NDCs
(Nationally Determined Contributions)

40% of the world's financial assets pledged to meet the goals of the Paris Agreement

Global Temperature increase target +1.5ºC by 2050

Worldwide annual investment to limit global warming until 2030

$7Tr(1)

European Union

Extensive policy responses geared to sustainability for 2021-2024

NGEU
€750Bn(2)

LatAm & Turkey

Emerging countries will invest more, relative to GDP, in low-emissions assets during a net-zero transition

€1Tr/year(3)
in emerging economies (ex-China)

(1) "Financing climate futures: rethinking infrastructure", OECD Publishing (2) Next Generation EU Plan to build a digital, sustainable and inclusive future
(3) excluding China, "The big emerging question", Blackrock Investment Institute

A great business opportunity in BBVA's footprint

Banks play a key role in the transition to a more sustainable world

The future of banking is financing the Future

Mobilize capital as channeling agent for public funds while encouraging private investment

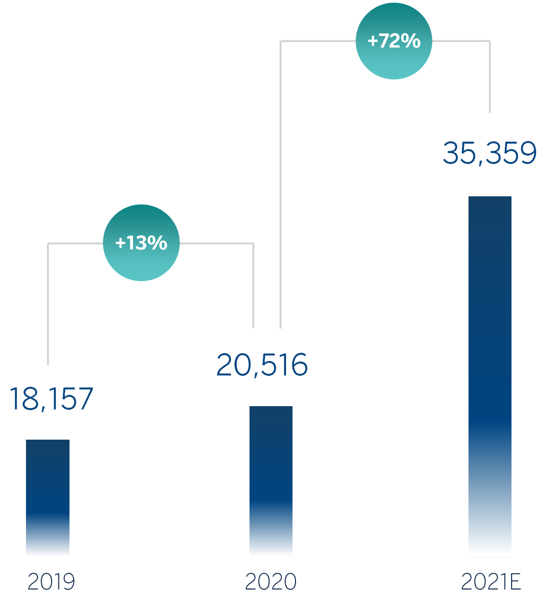
Develop **sustainable financial solutions** both in climate change and inclusive growth

Manage impacts (direct and indirect emissions) of banks' activities

In this new environment, BBVA has been a first mover taking advantage of this relevant business opportunity

BBVA has generated **significant traction in sustainable finance origination**

SUSTAINABLE FINANCE (EUR Mn)



12% of the Group's **new business origination**(1)

OF WHICH:

~20%

Incremental business(2) driven by sustainable products offering

(1) Includes lending, project finance, bonds, refinancings but excludes asset management business
(2) Based on incremental market shares and new business pools (eg. NGEU funds)

OUR DIFFERENTIAL POSITIONING

Designing and **launching new sustainable solutions** to market...

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New sustainable solutions... ... leveraging BBVA's digital capabilities

- Energy-efficient linked mortgages — +270% 9M YoY
- Hybrid and electric vehicles loans — +232% 9M YoY
- Carbon **footprint calculator** for retail and corporates — 470,000 visits YTD
- **Energy efficiency advisory** for enterprise clients

BBVA offers a sustainable alternative for most of its main products

- Pioneer in adding **sustainability advice in the app**
- World's 1st bank to **use data analytics to calculate** companies' **carbon footprint**

Sustainable and successful transition leveraging BBVA's digital edge

...and **pioneering in sustainable activity**

1st Bank Worldwide in launching all type of sustainable financing solutions

2007
- 1st Worldwide green bond*

2016
- 1st Worldwide social bond

2017
- 1st Worldwide green syndicated loan
- 1st Worldwide green project finance
- 1st Spanish green hybrid bond

2018
- 1st Worldwide green buyers credit-ECA
- 1st Latam green loan
- 1st Turkish green loan

2019
- 1st Worldwide green bond structured on DLT
- 1st Worldwide gender loan
- 1st Latam sust.-linked loan

2020
- 1st Social Covid bond by a financial institution in Europe
- 1st Mexican gender bond
- 1st Green CoCO bond by a financial institution Worldwide

2021
- 1st Social Covid bond in Mexico
- 1st Colombian ESG rating-linked loan
- 1st Turkish green IPO

*BBVA acted as co-lead manager

Net Zero 2050: Implementing portfolio alignment and excelling in managing emissions

Portfolio alignment strategy well underway

2030 decarbonization goals set in CO2 selected intensive industries

Sector[1]	Metric	BBVA Baseline (2020)	Benchmark vs scenario baseline	Absolute effort by 2030
Power	Kg CO^2e/Mwh	249		(52%)
Auto	g CO^2e/km	220		(46%)
Steel	Kg CO^2e/Tsteel	665		(23%)
Cement	Kg CO^2e/Tcement	695		(17%)
Coal	Portfolio trend (€Mn)	Phase out plan: 2030 developed markets and 2040 globally		

Very solid starting point and strong commitment to help our clients in their transition

Starting point: Well below scenario baseline; Below scenario baseline; Aligned with scenario baseline

Ambitious targets to reduce BBVA's environmental footprint

100% renewable energy by 2030

in line with SBTI & RE 100 Initiative

Carbon neutral since 2020

in Scope 1 and 2 and travel emissions, leveraging carbon offsetting

(1) Power, Auto, Steel and Cement benchmark scenario according to IEA NET Zero 2050

Growth as the cornerstone of **our sustainability strategy**

Growth

Doubling our target of channeling sustainable financing **under a transversal action plan with pre defined areas of focus**

Enablers

Superior risk management capabilities **integrating transition risk into banking processes** while enabling portfolio alignment

Creation of a Sustainability area, at the highest level of the organization, to drive growth:

- Supporting the integration of sustainability across all area's day-to day activities
- Leveraging on BBVA's edge in its digital transformation

Bringing sustainability financing to the next level

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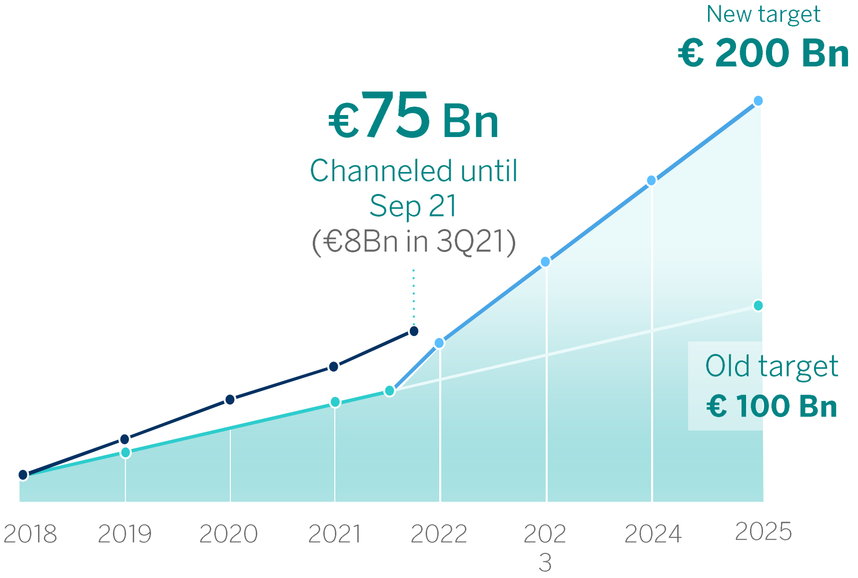
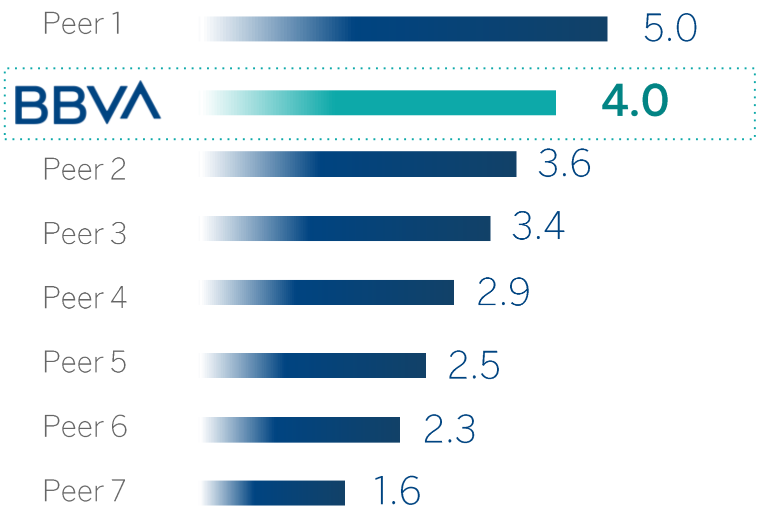
2X our target of channeling sustainable financing



Sustainability as growth lever:
~20% of the sustainable business originated is incremental (€40Bn by 2025)

Leading bank in sustainable finance commitment

ANNUALISED TARGET AS SHARE OF TOTAL ASSETS (%)



Peers: Credit Suisse, Deutsche Bank, HSBC, NatWest, Santander, Societé Générale and Standard Chartered

Prioritizing 12 transition themes for business execution

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Themes have been prioritized looking for a balance between

- **Size**: topics concentrating short term value
- **Growth**: emerging technologies with room for exceptional long term expansion
- **Right to win**: potential alignment with BBVA portfolio and/ or footprint

BBVA is building the capabilities to capture incremental opportunities early on **taking advantage of its geographical footprint and innovation capabilities**

SECTORS	TRANSITION THEMES
Power	*Hydrogen production and use* *Renewables (utility-scale)*
Transport	*Electric vehicles* *Infrastructure for electric vehicles*
Industry and O&G	*O&G product transformation* *Electrification (and hydrogen) for industrial heating*
Buildings	*Distributed solar generation* *Energy efficiency, electrification and insulation*
Agriculture	*Agricultural innovation/ adaptation (for resiliency and higher yield)* *Decarbonization of on-farm energy*
Circularity	*Circular product and upcycle design*
Carbon Markets	*Carbon offset marketplaces/ exchanges*

Leveraging differential **sustainable opportunities** in **emerging markets**

Emerging countries will invest more, relative to GDP, in low-emissions assets

BBVA will lead the transition in emerging markets leveraging on its know-how of sustainability transition in developed economies

INVESTMENTS IN LOW EMISSIONS TECHNOLOGY
(as % of GDP under NGFS net-zero 2050 scenario 2020-2050)

Source: Mckinsey

Creating **specialized sectoral knowledge**

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Monitoring our clients' strategies and reflecting them in the appropriate scoring tools

Running and updating sectoral deep dives on different transition scenarios

Analyzing and quantifying the impact of scenarios in the financial and risk metrics of our clients/portfolios

Creation of tools to strategically steer business origination

Development of a **transition risk indicator as a scoring tool** to support clients' transition and align our portfolio

Reflects clients' awareness and preparedness to decarbonization

Incorporates all dimensions of carbon transition risk

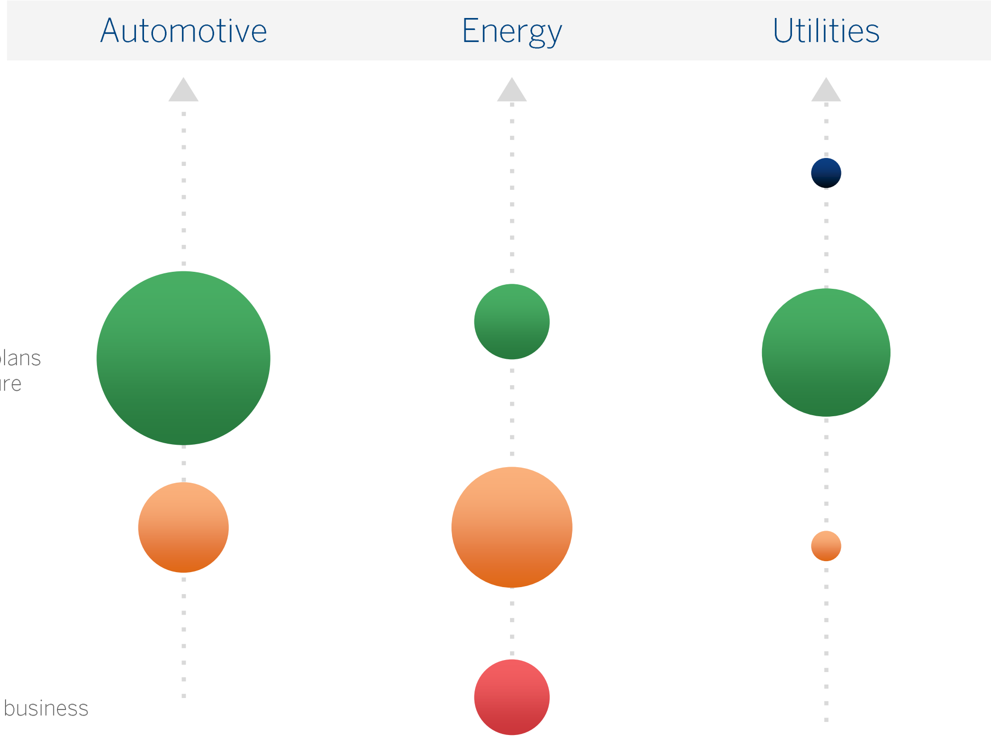
Enables differentiation among clients and specialized advisory

ADVANCED
Business model inherently benefits from the transition

STRONG
Clients with strategies and plans that mitigate carbon exposure

MODERATE
Material exposure to carbon transition risks

POOR
Fundamentally inconsistent business models with the transition



Size reflects number of companies with the same transition score

BBVA's sustainable edge

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Outstanding track record channeling sustainable finance

Throughout 2021 BBVA will have channeled €35Bn in sustainable origination (+72% vs 2020)

€75Bn

Sustainable origination **already channeled**

Ambitious growth strategy

In June '21, BBVA doubled its commitment to channel sustainable finance by 2025

€200Bn

Sustainable finance **commitment** by 2025

Ahead of the market

Leading the market with innovative solutions, which allows to capture incremental business

~€40Bn

Incremental sustainability business by 2025

Engaging with our clients' transition

Specialized sectoral knowledge and development of **transition tools** to engage with clients towards better transition outcomes

Rewarded internationally for its sustainability focus: once again Europe's most sustainable bank and second worldwide, according to the Dow Jones Sustainability Index 2021

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