

Responsible Banking

A different way of banking

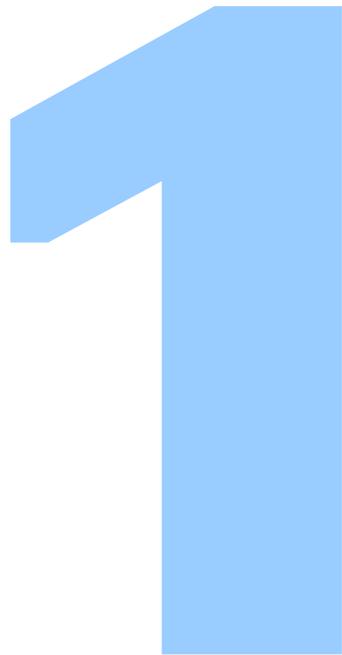
What's happening today?

1. Financial activity is losing its social legitimacy
2. There is increasing regulatory pressure in the sector, particularly with respect to customer protection
3. Dignity of our work is being called into question, undermining the pride of belonging of our employees

At BBVA, we have a different way of doing banking

Summary

- 1 What do we mean by Responsible Banking?
- 2 Why is Responsible Banking relevant to us?
- 3 How do we do Responsible Banking?
- 4 How do measure value?
- 5 BBVA's impact on society



What do we mean
by Responsible
Banking at BBVA?

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

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

Governance and Accountability

Responsible business is at the highest level of responsibility of the organization

Who?

Board of Directors

Responsible Business Committee (*)

Local Management Committees

What?

- Approval and monitoring the CR policy and responsible business model
- Driving and monitoring responsible business programs globally
- Driving and monitoring responsible business programs locally

How?

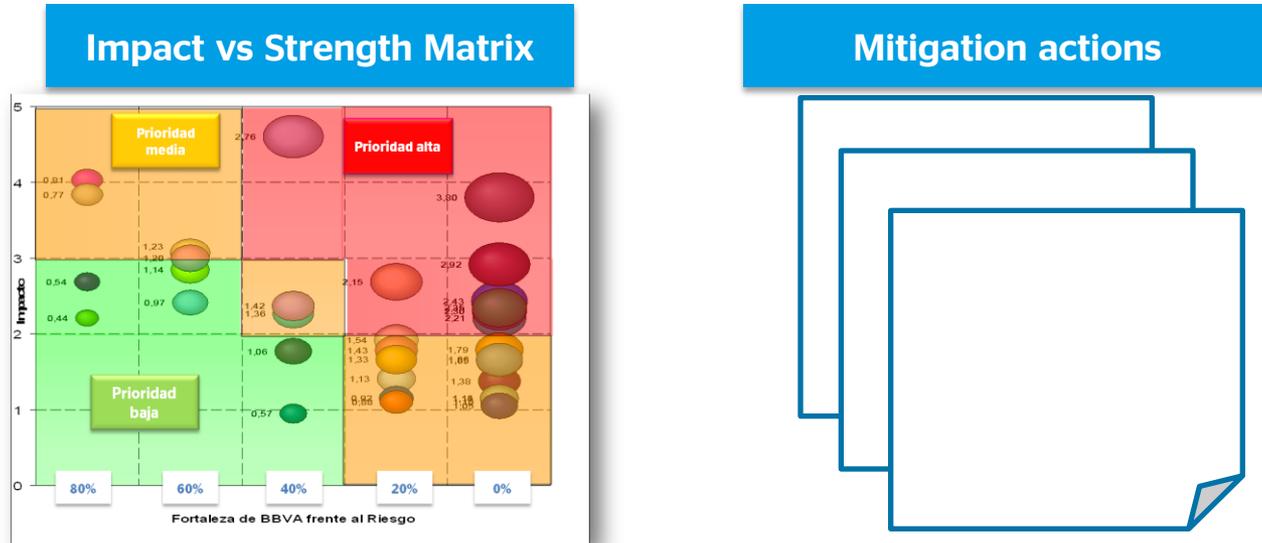
Report to plenary

Sessions
(3 times a year)

Interventions
(2-4 times a year)

Reputational Risk Management Model

Outcomes



Process



Governance & Accountability

Reputational Risk Committee
Global & Local: Operational Risk, Compliance & CRR

International standards with BBVA's active participation



Green Bond Principles



BBVA as a **best practice**



- 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

- 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



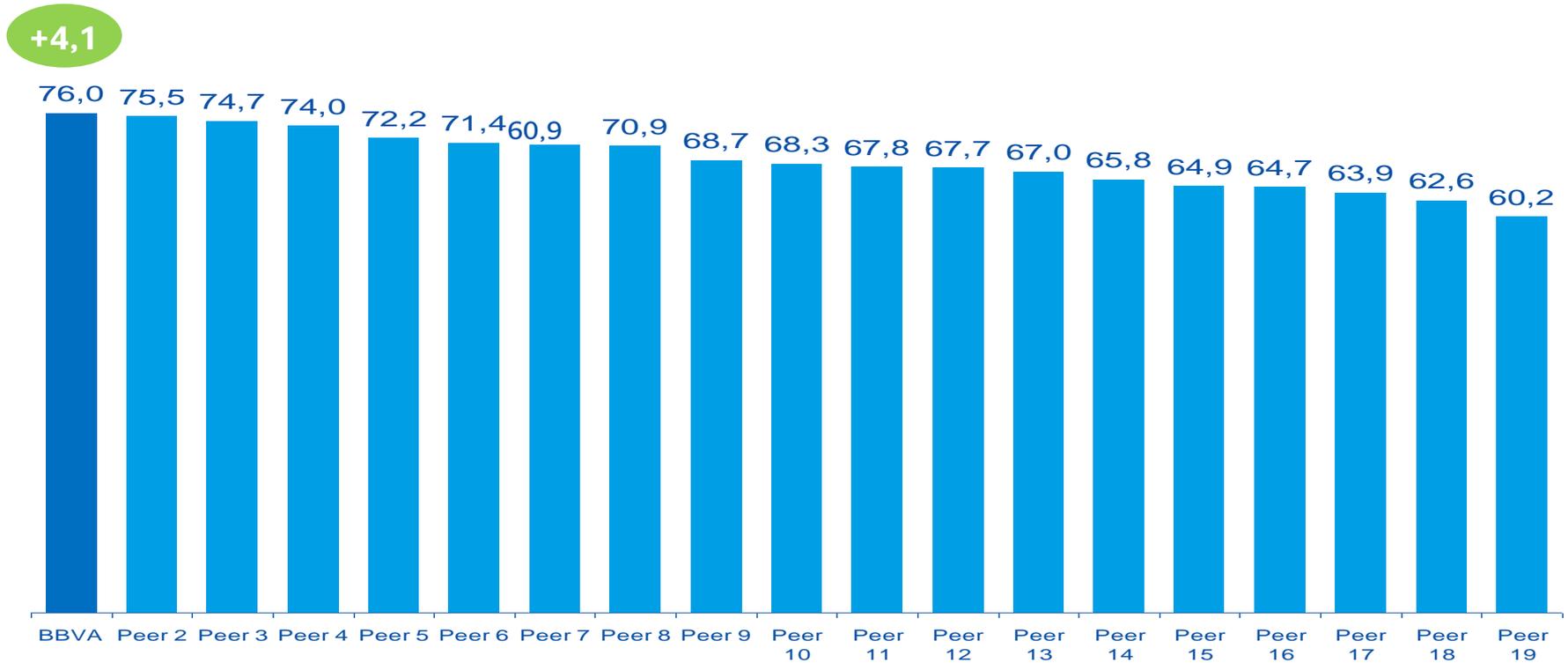
- BBVA included on Triodos Investment Funds

BBVA's ESG **performance** between 2010 and 2012: from 3rd to 1st place

Responsible Banking index *

BBVA Group and *Peer Group***

(2012)



* Source: Compiled by PWC from sustainability analysts: SAM (DJSI), MSCI, EIRIS, Sustainalytics, CDP, GS Sustain

** *Peer Group*: BBVA, ISP, DB, BARCL, UBS, HSBC, BNP, CS, UCI, SG, Citi, RBS, CMZ, WF, SAN, LLOYDS, CA, JPM, BoA

2 Why is Responsible Banking important to us?

BBVA, a **banking model** based on:

- 1 **Diversification and leadership**
- 2 **Prudent management**
- 3 **Return adjusted to principles** → **Responsible Business Plan 2013-2015**
- 4 **Customer-centric**

Responsible Banking is at the core of our business model

We put **people** at the center of our business

A model that is based on good practice and the creation of long-term value for **all stakeholders**



BBVA's stakeholders: **customers**

1

Long term orientation

- Stable and perdurable relationships
- Rejecting short-term opportunism
- Linking compensation & long term goals

2

Balanced relationship

- No asymmetries, balanced and equal relationship
- Honesty, fairness, plain language
- Responsible product design + best sales practices

3

Commitment with the **impact** and **development**

- Impact in people's lives, in SMEs, local communities and country development

BBVA's stakeholders: **employees**

Employees are the ones **who structure the relationship with customers and build trust** and closer ties with them

Great potential of internal **ambassadors** to extend the way we do responsible banking

BBVA supports a **culture** of social engagement and **shared values** for the Group's employees

BBVA's stakeholders: **society**

BBVA's Corporate Social Responsibility policy aims at maximizing **positive impact on society**



Contribution to development of communities where we operate

Improvement of social well-being of our clients

Generation of wealth for stakeholders

Investing in social programs, with focus on education

3

How do we do
Responsible
Banking?

1

Encouraging transparent, clear and 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
 (Phase 1)

TCR contracts
 (Phase 1)

TCR in digital banking & marketing
 (Phase 2)

Goal 2013-2015

1st/2nd clearest and most transparent bank in major markets

2

Encouraging responsible banking penetration

Financial Literacy Programs

750,000 people have benefitted in Mexico, South America and the U.S. 2008-2013 (256,000 in 2013)
2.3 million on-line and face-to-face workshops (829,000 in 2013)



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)

4,500 SMEs supported to grow and create
6,500 jobs (30% SMEs new customers to BBVA)

3,000 SMEs selected to benefit from this
 training in Spain in 2013

€26 Million committed



First company to adhere to the Strategy for
 Entrepreneurship and Youth Employment
 in Spain

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

2013

7 countries

1.5 million customers

481 branches

7,069 employees



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

27,700 service points

77 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

62,580 clients refinanced in light of payment difficulties

1000 families benefited by the integration program receiving

Up to 2,000 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

Contribution to provide with **2,400** employment contracts on the ordinary market in 2013 for disabled people

6

Driving social integration of children and adults

**Valores de Futuro
 (Future Values)**

**Niños Adelante
 (Forward, children)
 scholarship program**

**NBA Cares - Team.
 Works. In school**

3 million children
 participating in Spain, Mexico and Portugal in
 2010-2013

400,000 - 1-year scholarships
 in Latin America in 2007-2013

Part of the Educational Goals 2021 initiative promoted by the OIS and comprises all the Ministries of Education in the region



4,400 beneficiaries
 in the U.S. with volunteers from BBVA
 Compass and NBA

Goal 2013-2015

2,000,000 beneficiaries of education for society programs

7

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

8

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

Global Corporate Volunteering Plan

5,900 BBVA volunteers in the world

Training

€39 million investment
46 hours of training per employee
97% employees trained during the year



Territorios Solidarios

€1.8 million in grants
178 projects approved
966 employees participating in Spain

Global Diversity Plan

BBVA is signatory of the **Diversity Charter**, the **Women's Empowerment Principles** at UN Women and has obtained the **"Equality in Company" award** by the Ministry of Health, Social Services and Equality

Goal 2013-2015

+2 points internal employee reputation

4

How do we
measure value?

BBVA

A differential model of banking that provides **value for BBVA**

Objectives



Value drivers (1)



Return of Financial Literacy programs

GROWTH

- Business creation: Financial literacy workshops for clients BBVA Colombia:
 - 90% of clients with payrolls
 - Average of workshops for employee: 3.5
 - Satisfaction of participants: 4.3 / 5
- Development of new products: BBVA Compass “First time homebuyer” loan

Get the mortgage built for first time home buyers

Required Financial Management Course

We want home affordability to last a lifetime. To make that happen, we ask that all first time homebuyers complete a financial presentation prepared by the FDIC. This course will help you understand the costs associated with a home and review basic financial management tips.



RETURN ON CAPITAL

- Building better debtors and savers: Pilot program in BBVA Bancomer:
 - 27% less of provisions in portfolios receiving financial literacy

RISK MANAGEMENT

- Improving relationship with regulators

Return of TCR Communication Program

GROWTH

- Business creation:
 - average importance of 9.33 on a scale from 0 to 10*
 - It is always the first or second most important aspect in order to be considered a responsible bank
- Increase of customer recommendation and non-customer consideration as a possible financial services provider
- High facility of digital banking hiring



RETURN ON CAPITAL

- Decrease of complaints
- More efficiency of the commercial dialogue
- Increase of employees' pride and motivation

RISK MANAGEMENT

- Minor risk of fines
- Minor cost for unfair commercial practices
- Better relation with regulators
- Minor reputational risk

* Source: Millward Brown based on 3,579 interviews in 8 countries

5

BBVA's impact on
society

BBVA's impact on society

Contribution to development - customer support

5 million

people live in homes
financed by BBVA

348,000 SMEs

in the world
supported by BBVA

1.117,000

microenterprises and
self-employed
professionals
supported by BBVA

Creating wealth

€9,800 M

contribution through
paid and accrued taxes

€890 M

investment in
technology and
innovation

€1,100 average

dividend

1 million individual
shareholders

BBVA's impact on society

Job creation

6,500
new permanent
hires at BBVA

of which
59% under 30
years old

3,400 new
employees with YSE
support project

Contributions to society

€97 M
Investment in social
programs (direct
contribution to society)

1.5 million
beneficiaries of social
programs in education

6 million
beneficiaries from BBVA
Microfinance
Foundation activity

For further information

www.bbvaresponsiblebanking.com

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