

BBVA



BBVA - Thinking Ahead

Money 2020 Europe

Copenhagen, April 4th 2016

- 1 Reshaping of the Financial Industry
- 2 Our Transformation Journey
- 3 Conclusions

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Reshaping of the Financial Industry

Banking Changing at a Fast Pace

New disruptive entrants transforming each vertical

Payments



Lending



Wealth Management



New technological developments

Big Data



Blockchain



Cloud



A.I.



Biometrics



Unbundling by new players: category killers

Superior value proposition

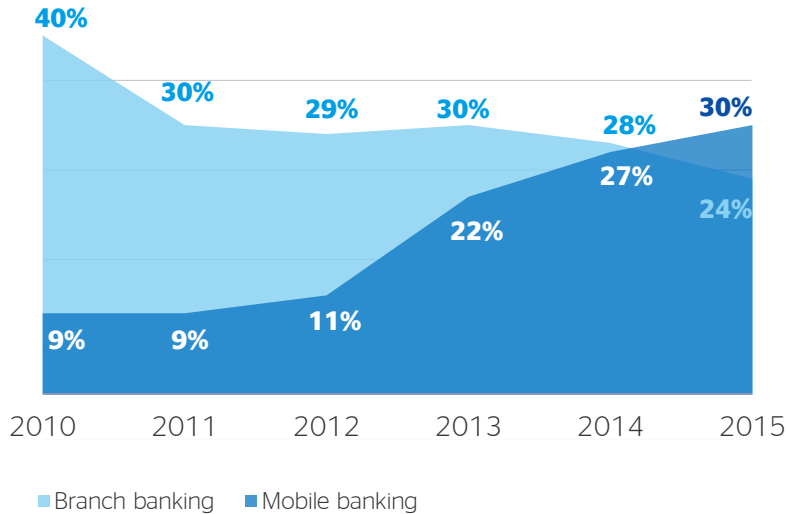
Lower cost of operations

Lower barriers for customers to switch

Technology Shifting Customer Behaviors

Mobile Banking Exceeds Branch Banking

Percentage of banked customers - US



Source: 2015 GA Javelin LLC

Exponential growth of mobile banking

Distribution model under disruption

Banking anytime, anywhere

Unsatisfied demand

Incumbents Face Many Obstacles to Succeed in this Context

✓ Legacies

IT platforms,
costly branch
networks, pain
points...

✓ Conservative risk approach

Risk aversion as a
standard within
the industry

✓ New competences

Lack of
capabilities
necessary to
compete (Design,
UX, Big Data...)

✓ Cultural shift

Transformation
requires
embracing
cultural change

Opportunities for banks in this new environment

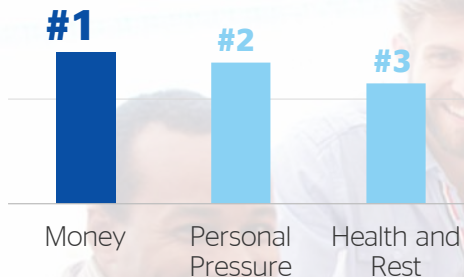
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Our Transformation Journey

Redefining Our Value Proposition:

Having a true impact on people's lives and companies' businesses

Major Causes of Stress



Source: GfK survey among 22 countries - multiple answers

- ✓ Assist our customers in their business and throughout their financial life
- ✓ Help them achieve their goals
- ✓ More than a bank, engine of opportunity

Our purpose is to bring the age of opportunity to everyone

Strategic Priorities

1



New standard in customer experience

2



Digital sales

3



New business models

4



Optimal capital allocation

5



Unrivalled efficiency

6



A first class workforce

Focused on Providing the Best Customer Experience

Ambition to become leaders in customer recommendation

Relationship Model

Seamless across channels

Design

New Design and UX capabilities

Data

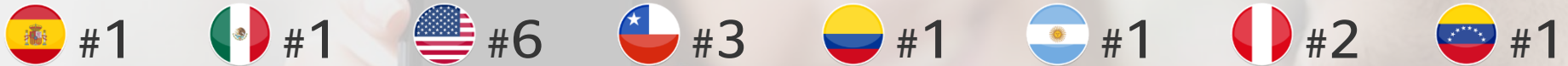
Leveraging data to customize value proposition

New functionalities

Revolution of the small things

NPS

Position in ranking peer group



Source: BBVA; Peer Group: Spain: Santander, CaixaBank, Bankia, Sabadell, Popular/ USA: Bank of America, Bank of the West, Comerica, Frost, Chase, Regions, US Bank, Wells Fargo // Mexico: Banamex, Santander, Banorte, HSBC// Peru: BCP, Interbank, Scotiabank// Argentina: Banco Galicia, HSBC, Santander Rio// Colombia: Bancolombia, Davivienda, Banco de Bogotá// Chile: BCI, Banco de Chile, Santander // Venezuela: Banesco, Mercantil, Banco de Venezuela

Driving Digital Sales and Launching Digital Products

- ✓ Digital Onboarding
- ✓ One-click products
- ✓ Digital offer

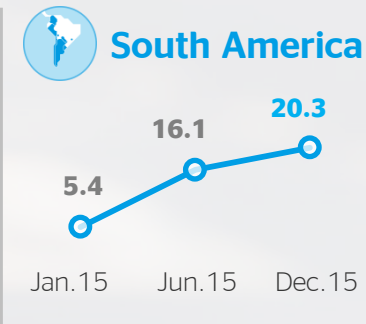
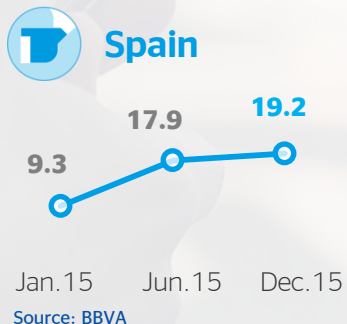
BBVA Wallet



Digital customers
15M
19% growth from Dec-14 to Dec-15

Mobile customers
9M
45% growth from Dec-14 to Dec-15

Consumer Loans Sold Digitally (%)



Developing New Digital Businesses

New independent business models and revenue streams, while supporting the wider transformation within BBVA

Areas of focus



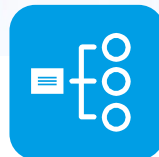
Lending



Payments



Wealth
Management



Open
Platform



Vertical
Banks



Identity



Insurance

Adapting to this New Ecosystem by Creating, Partnering and Investing in Disruptive Business Models

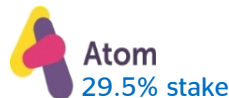
✓ Internal Incubation



✓ Strategic Partnerships



✓ Digital M&A and direct investments



✓ Venture Capital



Open Platform

Internal Incubation

Design, build and grow new ventures

The Foundry

Incubator of internal initiatives

Entrepreneurs in Residence

In house development of external ideas

Venture Co-creation

Partnering for joint development

Leveraging BBVA assets and the innovation ecosystem

Strategic Partnerships with FinTech Players

- ✓ New business opportunities
- ✓ Exploring new technologies
- ✓ Knowledge sharing

Current Partnerships



Areas of focus



Digital M&A and Direct Investments

Building new capabilities and acquiring innovative business models



Feb-14:

Digital bank
focused on CX



Dec-14:

Spanish startup
specialized in Big
Data

SpringStudio

Apr-15:

Leading UX and
Design firm



Nov-15:

UK's first mobile-
only bank licensed
by the PRA.
Launch early 2016



Mar-16:

Online banking
service for SME's

Venture Capital Fund

Investing in startups that are rethinking financial services



\$250 Mn
Venture Capital fund
with global scope

Portfolio

A collection of logos for companies in the Propell portfolio. The logos are arranged in two rows. The top row includes Coinbase (blue database icon), Personal Capital (blue bar chart icon), and Taulia (orange and blue geometric icon). The bottom row includes DocuSign (blue cursive font), Prosper (blue 'P' icon), and Earnest (green lowercase font).

Open Platform Strategy as an Enabler

Supporting financial innovation

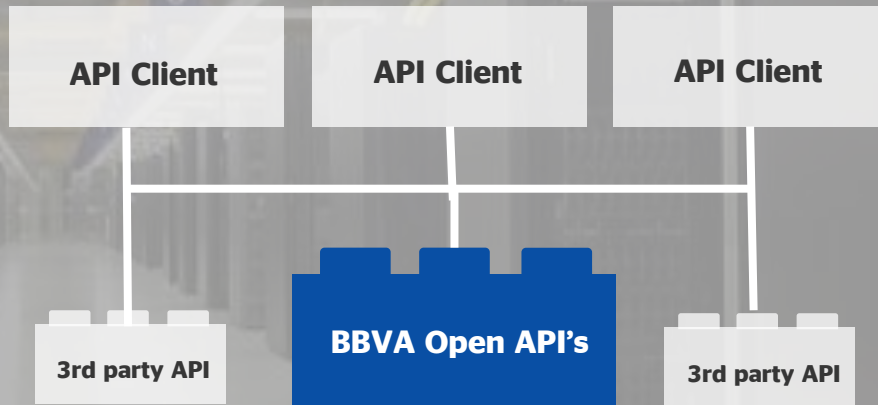
BBVA Open APIs

- ✓ A unique set of services (banking product, compliance, risk, legal, etc..)
- ✓ Competitive advantage



Modularization of finance

Enable new developments combining BBVA's APIs, client's technology and other building blocks



www.bbvaapimarket.com

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Conclusions



Conclusions

- ✓ **Banking industry is undergoing a structural transformation with mobile as key element**
- ✓ **BBVA transforming into a better bank for our customers**
 - Clear vision and roadmap around 6 strategic priorities
 - Offering the best value proposition to our customers
- ✓ **BBVA is taking an active role in the innovation ecosystem**
 - Developing internal ventures
 - Establishing strategic partnerships with FinTech
 - Acquiring or Investing in innovative players
 - Opening our platform as a lever for growth

BBVA



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