

**BBVA**

Creating Opportunities

**BBVA: accelerating  
profitable growth**

CARLOS TORRES VILA, CHAIRMAN  
ONUR GENÇ, CEO



BBVA  
**Investor**  
Day

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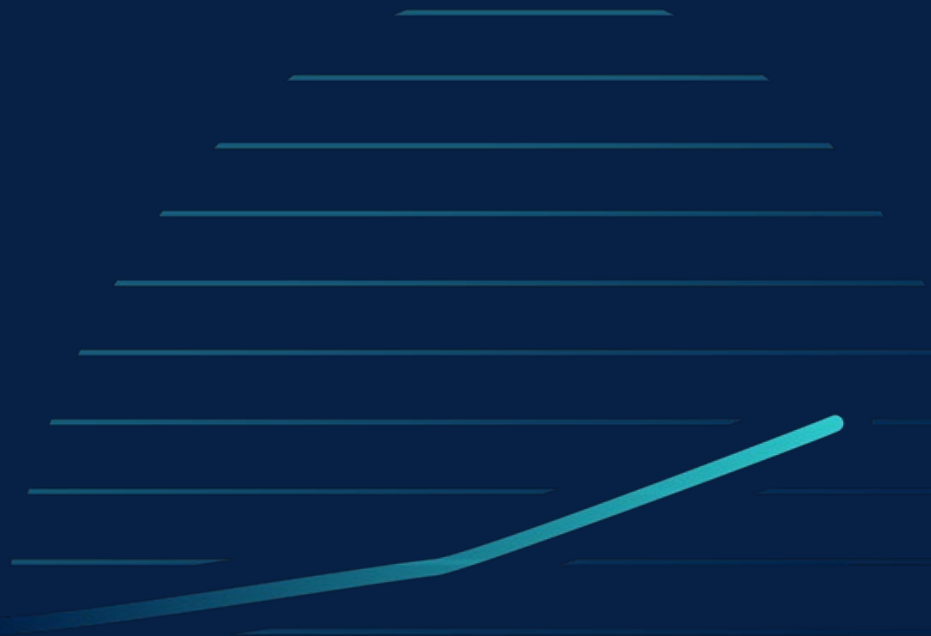
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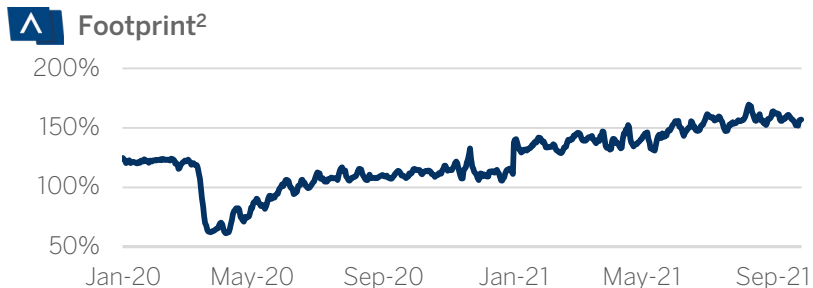
01

Economic recovery in an  
age of opportunity

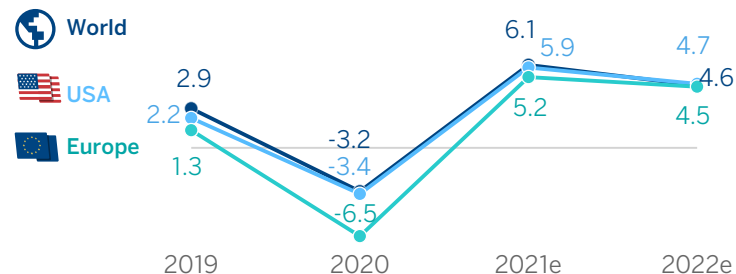


# The economic recovery continues despite short term pressures

## CONSUMPTION INDEX<sup>1</sup> (7D CUMULATIVE VS. SAME PERIOD IN 2019)



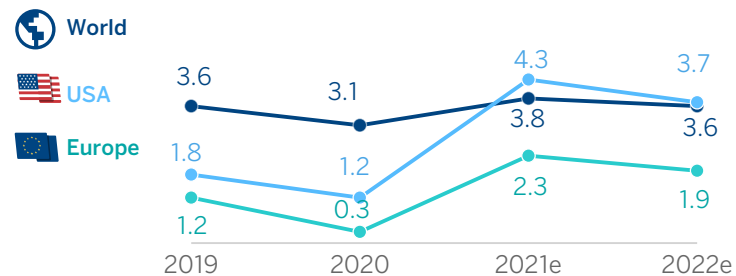
## GDP GROWTH (%)



## PRIVATE INVESTMENT INDEX<sup>3</sup> (28D CUMULATIVE VS. SAME PERIOD IN 2019)



## INFLATION<sup>5</sup> (%)

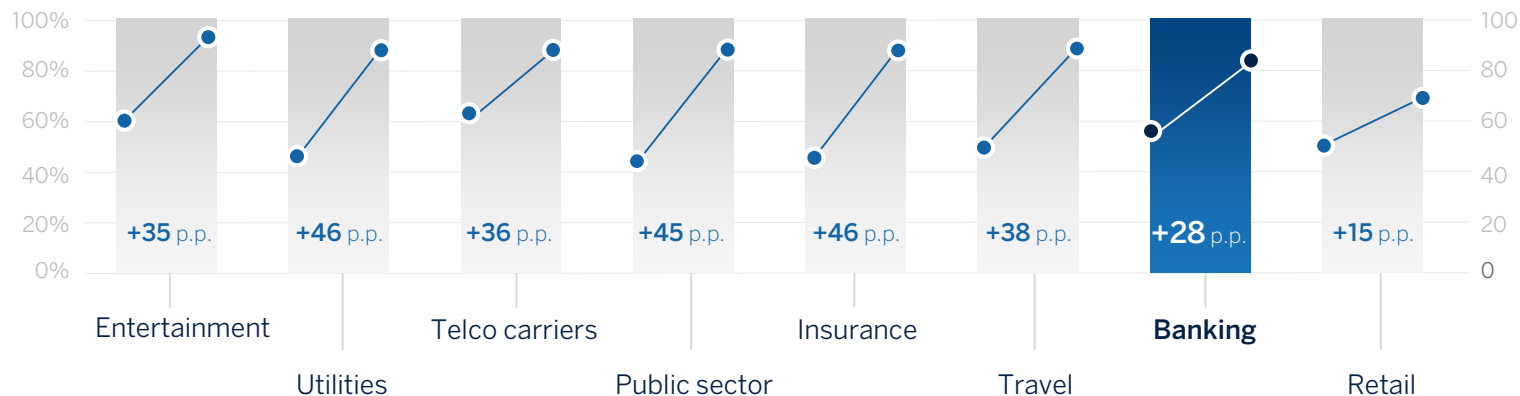


Source: BBVA Research. (1) Considers spending at BBVA Point of Sale (POS) by BBVA and non-BBVA customers and spending by BBVA customers at non-BBVA POS. (2) Average data for BBVA's footprint: Spain, Mexico, Turkey, Peru, Colombia and Argentina. (3) Proxied by total inflows received by firms classified by NACE codes from the current account transfers on daily basis. (4) Average data for footprint: Spain, Mexico, Turkey, Peru and Colombia. (5) Average annual inflation.

# Covid has accelerated **pre-existing trends**

## DIGITAL ADOPTION BY INDUSTRY IN EUROPE AND US

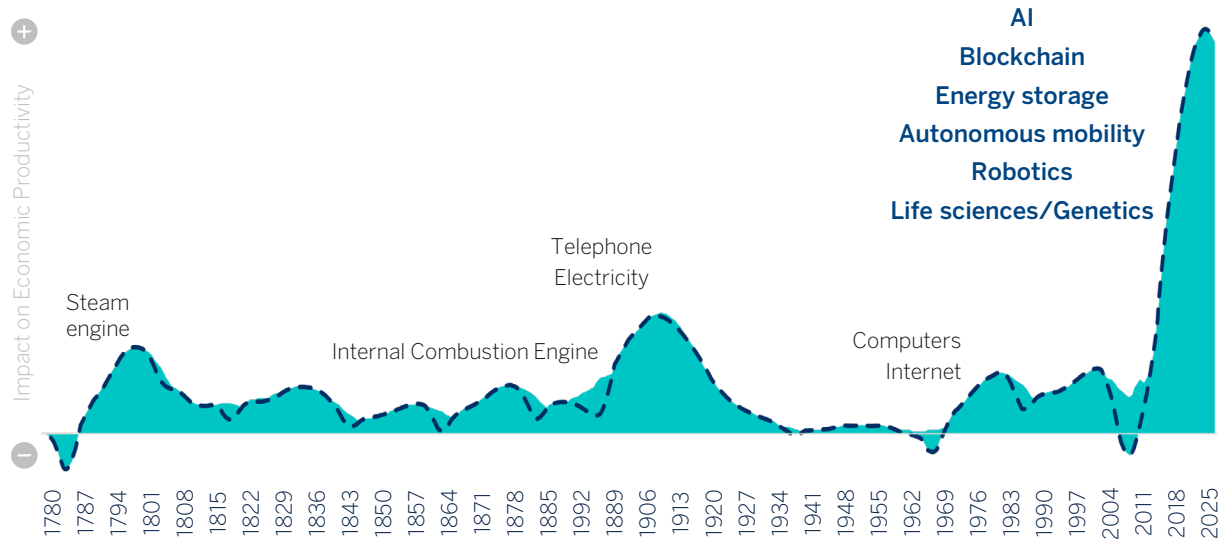
PERCENTAGE OF USERS WHO USED DIGITAL OR REMOTE CHANNELS (6 MONTHS PRIOR TO APRIL 2021 VS. 6 MONTHS PRIOR TO APRIL 2020)



Source: McKinsey Global Digital Sentiment Insights survey.

# We are living disruptive times, an **age of opportunity**

## ESTIMATED IMPACT OF TECHNOLOGY AND INNOVATION ON ECONOMIC PRODUCTIVITY



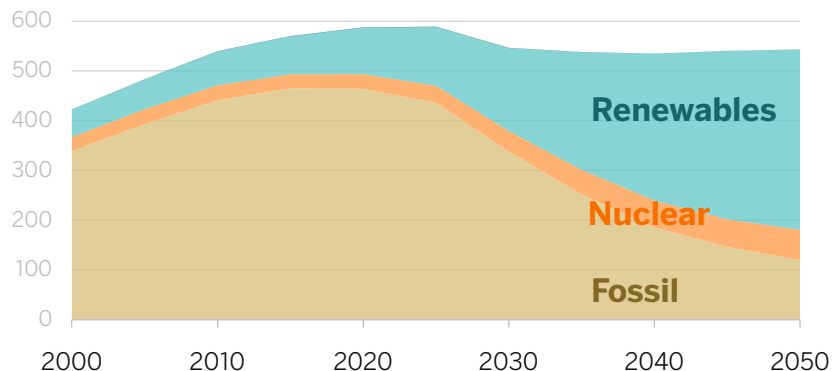
- Disruptive innovation driven by **digitalization and decarbonization**
- **Deep impact in all sectors** of the economy
- Technological disruptions have **traditionally boosted economic growth and productivity**

# Decarbonization is king among these trends

Renewables will displace fossil fuels

Large investment needs over the next 30 years to reach Net Zero

NET ZERO 2050 ENERGY MIX  
(EXAJOULES<sup>1</sup>)



GLOBAL INVESTMENT NEEDS IN ORDER TO REACH NET ZERO CO2 EMISSIONS FROM ENERGY BY 2050  
(2021-2050)

**\$150** TRILLION

**~5%** WORLD GDP  
(every year for 30 years)

Source: Based on data from International Energy Agency (2021) Net Zero by 2050: Net Zero by 2050 Scenario - Data product - IEA; as modified by BBVA Research.  
(1) Exajoule (EJ) equals 10<sup>18</sup> Joules. (2) Excluding China, IEA, Financing Clean Energy Transitions in Emerging and Developing Economies, 2021.

Source: Lenaerts, Tagliapietra and Wolff (2021).

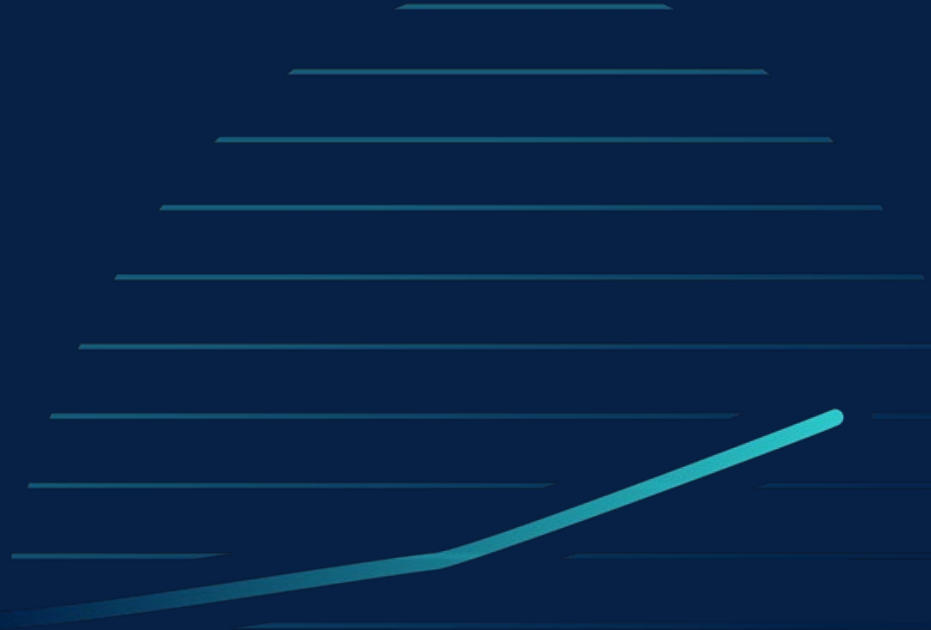
**Emerging markets should be among those leading the race, relative to GDP, with over \$1 trillion investment annually<sup>2</sup>, seven times current levels**

BBVA

Creating Opportunities






02

BBVA is uniquely  
positioned in this age of  
opportunity





# 1 Leading franchises in very attractive markets

BBVA		STRONG POSITION		LEADING PROFITABILITY
Sep-21		Market share <sup>1</sup> (%)	Ranking <sup>1</sup>	ROE (%) vs. industry <sup>2</sup> (bps)
	Spain	13.1%	#3	12.3% (+350 bps)
	Mexico	23.8%	#1	22.2% (+1,070 bps)
	Turkey	18.2%	#2	19.1% (+840 bps)
	Colombia	10.5%	#4	16.4% (+530 bps)
	Peru	21.3%	#2	12.6% (+270 bps)

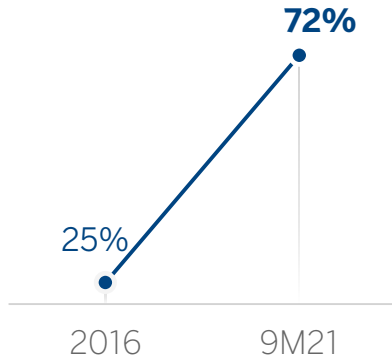
(1) Latest available market shares, Ranking among peer group. Turkey among private banks.

(2) ROE under local criteria as of 9M21, except Colombia 8M21. Excludes Corporate Center expenses.

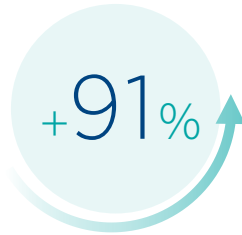
## 2 Trend-setters in Digital and Sustainability

### LEVERAGING OUR DIGITAL EDGE

#### DIGITAL SALES (%, UNITS)

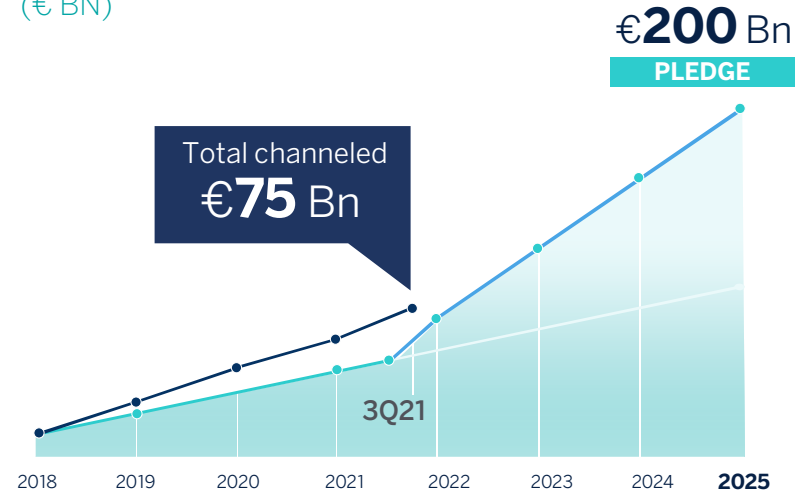


#### DIGITAL ACQUISITION (%; VAR 9M19-9M21)



### PIONEERING SUSTAINABILITY

#### WE HAVE DOUBLED OUR 2025 PLEDGE (€ BN)



(1) According to 'The Forrester Digital Experience Review™: European Mobile Banking Apps, Q3 2021'. (2) According to Dow Jones Sustainability Index.

Digital experience leader  
five years in a row<sup>1</sup>

Most sustainable European bank<sup>2</sup>

# 3 Differential **culture and mindset**

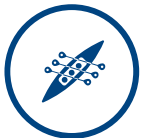
VALUE DRIVEN ORGANIZATION	AGILE	MOST ENGAGED
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**Customer**  
comes first



We think  
**big**



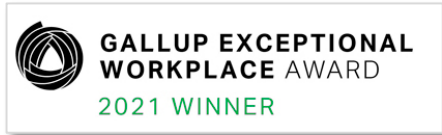
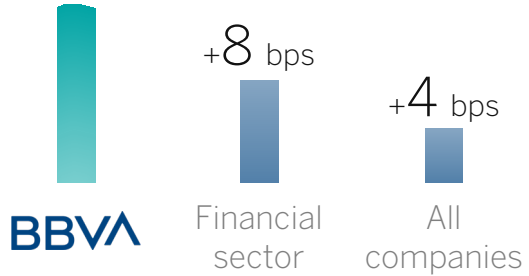
We are  
**one team**

- Started in 2014 in Digital area in Spain, extended in 2018 across areas and countries
- Over 30,000 employees working under Agile



**GALLUP SURVEY 2020 VS 2019**  
(BPS YOY IMPROVEMENT)

+14 bps



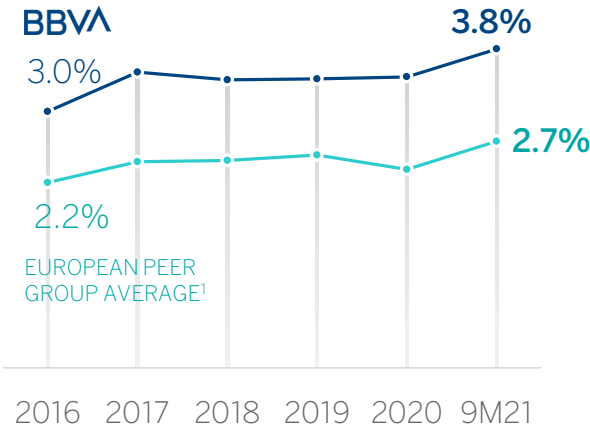
“ To bring the age of **opportunity** to everyone ”

# 4 Proven track record of **solid financial returns**

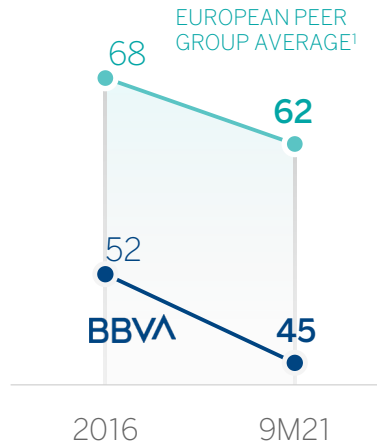
## STRONG PRE-PROVISION PROFIT AND BEST-IN-CLASS EFFICIENCY

## OUTPERFORMING OUR PEERS ON PROFITABILITY

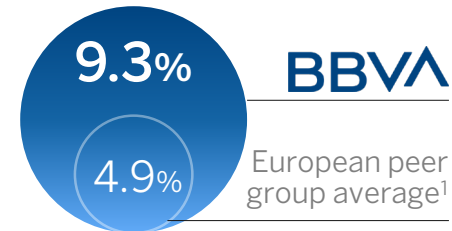
**PRE-PROVISION PROFIT / RWAS**  
(2016-9M21 ANNUALIZED, %)



**EFFICIENCY RATIO**  
(%; 2016-9M21)



**ROTE**  
(%; 2016-9M21 AVERAGE)

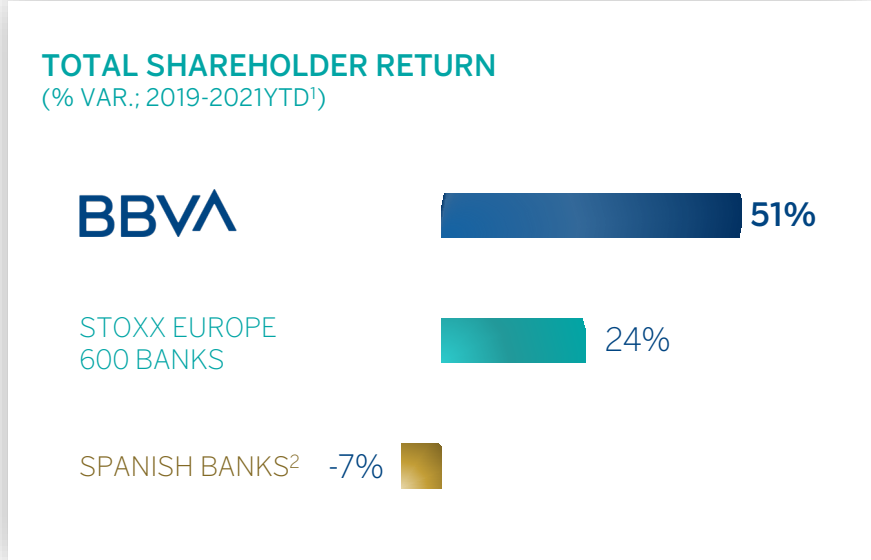


(1) European Peer Group: BARC, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, LBG, NWG, SAN, SG, UBS, UCG.

# 5 Disciplined capital allocation

## CAPITAL ALLOCATION TOWARDS MARKETS WITH SCALE AND PROFITABLE FRANCHISES

## VALUE TO SHAREHOLDERS



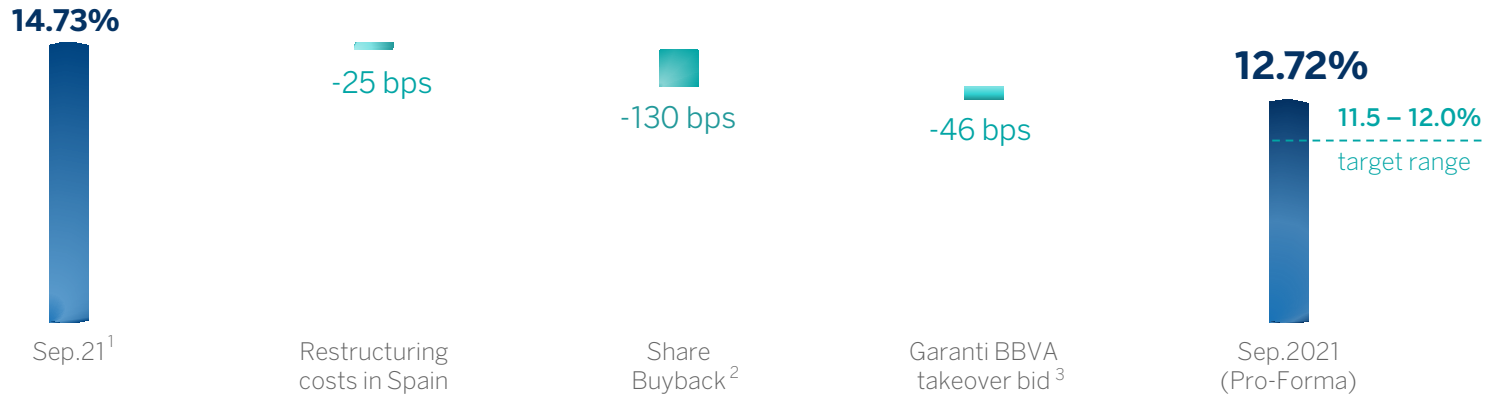
(1) Period from January 1, 2019, to November 12, 2021. (2) BKIA, BKT, CABK, LBK, SAB, SAN, UNI.

Clear commitment to shareholder value creation

# 6 Excess capital for **shareholders distributions and growth**

## A CLEAR FOCUS ON VALUE CREATION

### FULLY-LOADED CET 1 (%)



(1) CET1 as of September 2021 excluding restructuring costs in Spain. (2) Considering the maximum amount of €3.5 Bn of the share buyback program. (3) Assuming 100% acceptance on voluntary takeover bid on Garanti BBVA shares currently not owned by BBVA (50.15%).

# Shareholders distributions increase

## NEW DISTRIBUTION POLICY<sup>1</sup>

Payout

**40-50%**

## SHARE BUYBACK<sup>2</sup>

> €**3.5**Bn Program

> €**1.5**Bn 1st Tranche

To be executed in the following  
3-4 months

(1) Includes the possibility of combining cash distributions with share buybacks. (2) The execution of the €3.5 Bn share buyback program scheme (including its first tranche) is considered an extraordinary shareholder distribution and is therefore not included in the scope of the new distribution policy. We will start shortly after the Investor Day with the execution of the first €1.5 Bn tranche which will not be subject to any maximum share price. We estimate the execution will take 3 to 4 months.

# BBVA is uniquely positioned in this age of opportunity

## KEY STRENGTHS

- 1 **Leading franchises** in very attractive markets
- 2 Trend setters in **Digital and Sustainability**
- 3 Differential **culture and mindset**
- 4 Proven track record of **solid financial returns**
- 5 Disciplined **capital allocation**
- 6 Excess capital for **shareholder's distributions and growth**

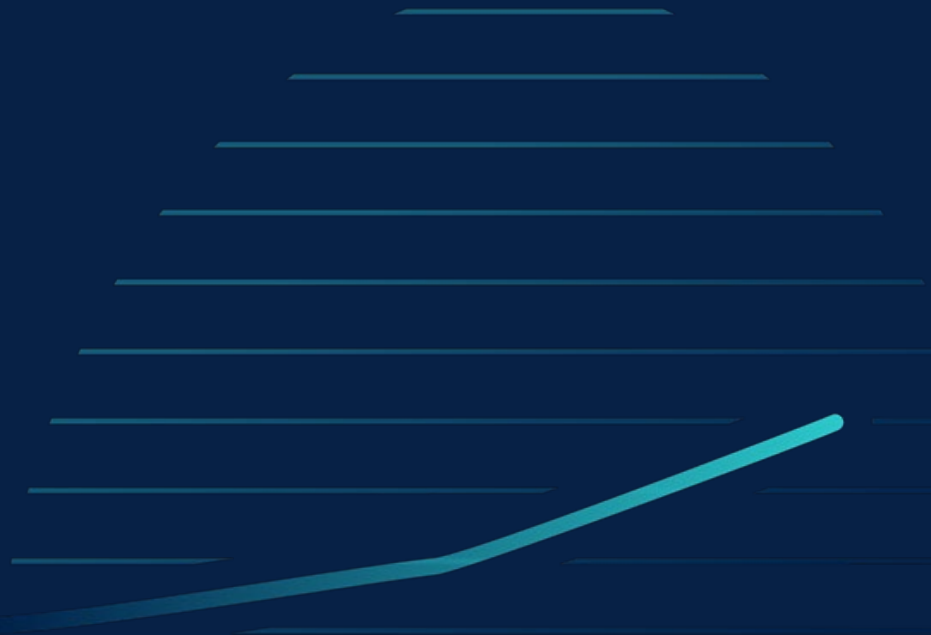




Creating Opportunities

03

# Our ambitious long-term goals

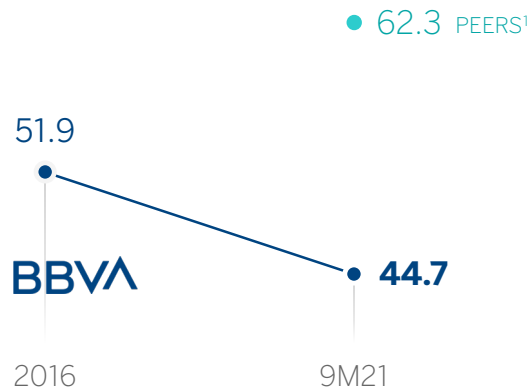


# Accelerating profitable growth and value creation for shareholders

## COST TO INCOME

### HISTORICAL TREND

(2016-9M21 BBVA, 9M21 PEER AVG, %)



### 2024 GOAL

(%)

42%

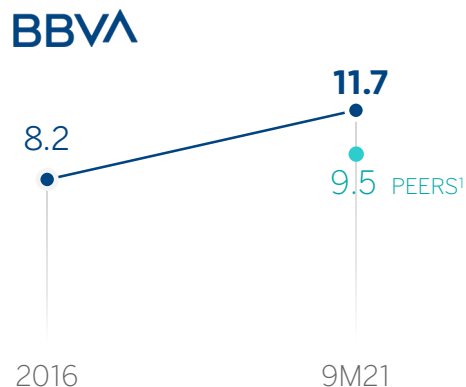
(1) European Peer Group: BARC, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, LBG, NWG, SAN, SG, UBS, UCG.

# Accelerating profitable growth and value creation for shareholders

## ROTE

### HISTORICAL TREND

(2016-9M21 BBVA, 9M21 PEER AVG, %)



### 2024 GOAL

(%)

14%

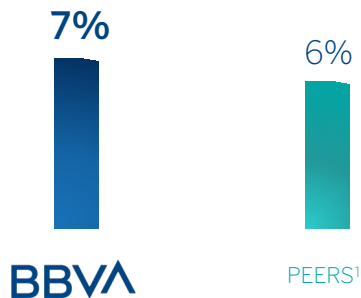
(1) European Peer Group: BARC, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, LBG, NWG, SAN, SG, UBS, UCG.

# Accelerating profitable growth and value creation for shareholders

## TANGIBLE BOOK VALUE PER SHARE + DIVIDENDS

### HISTORICAL TREND

(2018-9M21, % CAGR)



### 2024 GOAL

(% CAGR)

9%

(1) European Peer Group: BARC, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, LBG, NWG, SAN, SG, UBS, UCG.

# Accelerating profitable growth and value creation for shareholders

## NEW TARGET CUSTOMERS<sup>1</sup>

**CUMULATIVE NEW TARGET CUSTOMERS**  
(2018-9M21, MN CUSTOMERS)

**+7.5**Mn

**2024 GOAL**  
(MN CUSTOMER GROWTH)

**+10**Mn

(1) Target customers refers to those customers in which the bank wants to grow and retain, as they are considered valuable due to their assets, liabilities and/or transactionality with BBVA.

# Accelerating profitable growth and value creation for shareholders

## SUSTAINABLE FINANCE

CUMULATIVE FINANCING  
(2018-9M21, €Bn)

€75 Bn

2025 GOAL  
(€ Bn)

€200 Bn

# Our ambitious long-term goals

COST-TO-INCOME

**42%**

2024

ROTE

**14%**

2024

TBV/SHARE + DIVIDENDS

**9%**

2021-2024 CAGR

NEW TARGET CUSTOMERS<sup>1</sup>

**+10**Mn

2021-2024

SUSTAINABLE FINANCE

**€200** Bn

2018-2025

(1) Target customers refers to those customers in which the bank wants to grow and retain, as they are considered valuable due to their assets, liabilities and/or transactionality with BBVA.

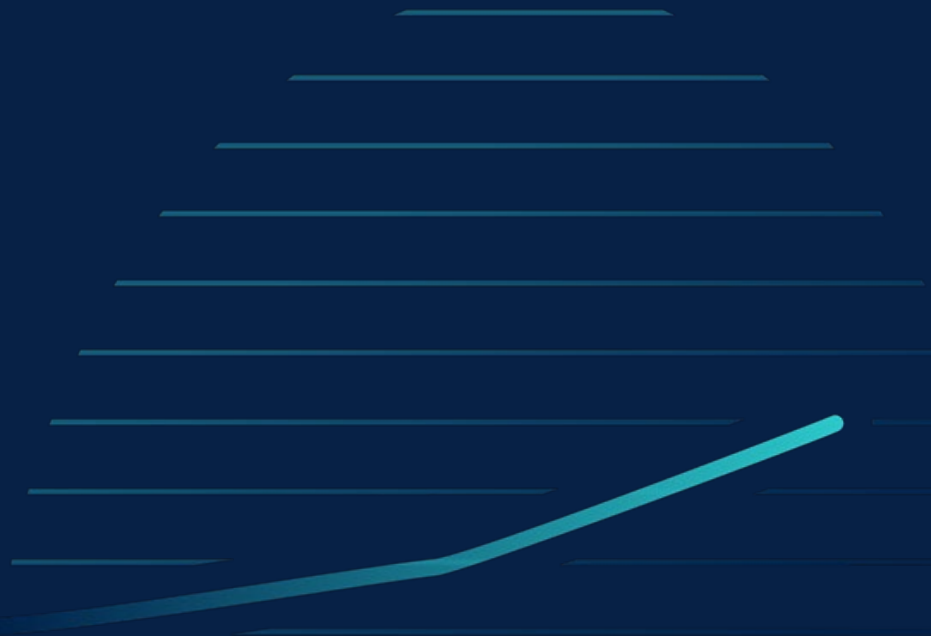
We remain committed to our 11.5-12% CET1 target range

BBVA

Creating Opportunities

04

Taking profitable growth  
to a new level





# Executing on our strategic priorities to capture the opportunities of the new era and achieve our goals

## Differentiation



Improving our **clients'**  
**financial health**



Helping our clients  
transition towards a  
**sustainable future**

## Superior performance



Reaching  
more **clients**



Driving **operational**  
**excellence**

## Accelerators



The **best** and **most**  
**engaged team**



**Data** and  
**Technology**

# 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

# A clear focus on our objectives



1

## A larger and more profitable bank

- New customer acquisition
- Higher growth in attractive value pockets
- Invest in disruption

2

A distinctive bank for our clients  
based on a unique value proposition

3

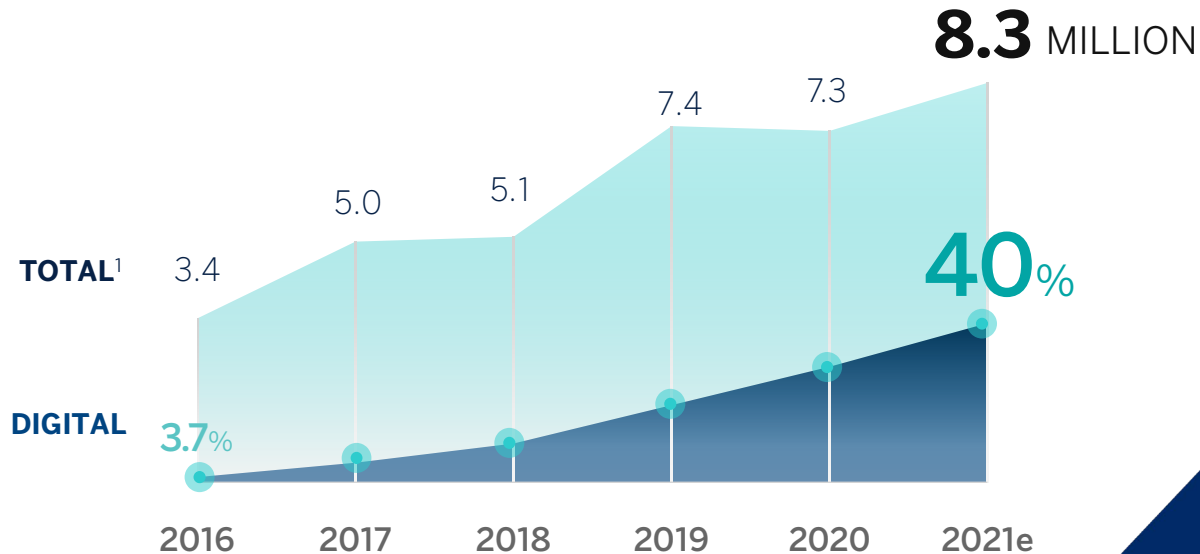
Continue leading efficiency  
through operational excellence

# New customer acquisition in the open market

Conviction: Scale is a competitive advantage in our traditional banking business

## NEW CUSTOMER ACQUISITION

(MILLIONS; % ACQUISITION THROUGH DIGITAL CHANNELS)



(1) Gross customer acquisition through own channels for retail segment

# Prioritization of high value business verticals

Conviction: Banking is the combination of distinct businesses with different return-growth profiles

## A. PAYMENTS

### ISSUING

- E2E digital experience

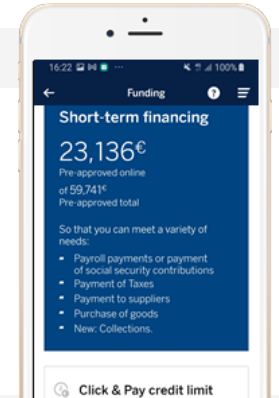
### ACQUIRING

- One-stop-shop for merchants



## B. SMEs

- Coverage leveraging on our capillarity
- Digital onboarding and solutions



## C. ASSET MANAGEMENT

- Global value proposition for Private Banking clients
- Capture the opportunities of the affluent segment

## D. INSURANCE

- Digital products and contextualized sales
- Distribution of leading third party products



# Corporate & Investment Banking: great upside potential

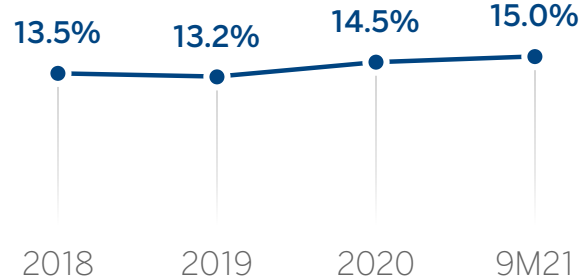
## CIB GROSS INCOME CONTRIBUTION

(% OVER BBVA GROUP VS PEER AVERAGE)

EUROPEAN PEER AVERAGE<sup>1</sup>



BBVA



**16%**  
9M21 RORC

## STRATEGY ANCHORED IN THREE MAIN LEVERS

- GLOBALITY AND EMERGING MARKETS PREVALENCE  
**+7%**  
Cross-Border Revenues  
(YoY growth 9M21)
- ADVISORY CAPABILITIES WITH DEEP INDUSTRY KNOWLEDGE  
**+24%**  
Advisory Revenues  
(YoY growth 9M21)
- SUSTAINABILITY FOCUS  
**+74%**  
Funds channeled in sustainable finance  
(YoY growth 9M21)

(1) European Peer Group: BARC, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, LBG, NWG, SAN, SG, UBS, UCG. Peers' last data point as of 6M21.

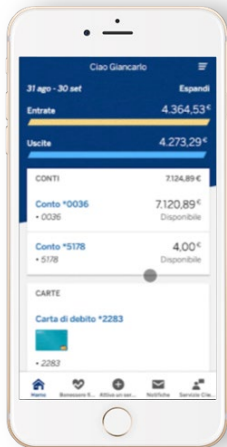
# Investing in disruption and financing innovators

Conviction: All businesses, including ours, are gradually being disrupted by technologically focused players

## SELECTIVE DIGITAL BANK INVESTMENTS

BUILT BASED ON EXISTING INFRASTRUCTURE

 **BBVA Italy**



## INVESTMENTS



**Atom bank**  
(UK)



**Solarisbank**  
(Europe, Infrastructure)

## FINTECH INVESTMENTS



**Fintech venture capital fund with 6 unicorns**



**Leading Chinese technology venture capital** with 400+ portfolio companies, with focus on AI

## FINANCE THE CLIENTS OF THE FUTURE

Capturing growth opportunities from massive change across industries: **innovation banking**

- Digitalization
- Decarbonization
- Artificial Intelligence
- Blockchain
- Quantum Computing
- Machine Learning



# 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

- Next level of financial advice
- Transition to a sustainable world

3

Continue leading efficiency  
through operational excellence



# Uniquely positioned to capture value from the entire digital journey, from servicing to advice



Servicing



Sales

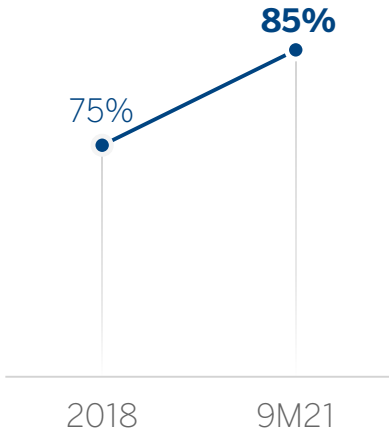


Customer acquisition

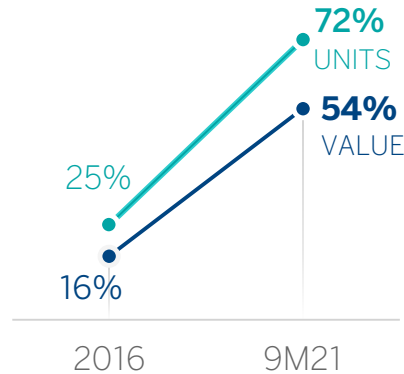


Advice

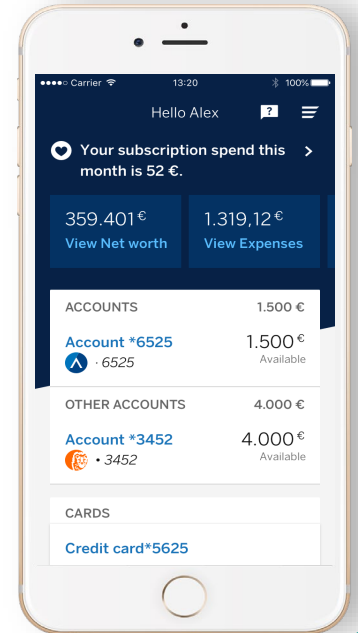
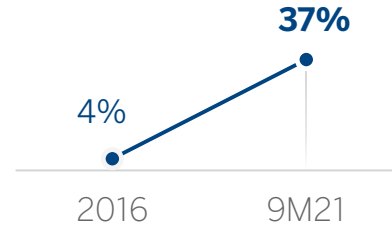
**DIGITAL TRANSACTIONS<sup>1</sup>**  
(% OVER TOTAL)



**DIGITAL SALES<sup>2</sup>**  
(%, UNITS AND VALUE<sup>3</sup>)



**DIGITAL ACQUISITION**  
(% THROUGH DIGITAL CHANNELS)



(1) Includes monetary and non-monetary transactions related to servicing. It excludes product sales and information inquiries. Includes ATMs transactions. (2) Excludes units sold in USA, Venezuela, Chile and Paraguay. (3) Product Relative Value as a proxy of lifetime economic representation of units sold.

# Sustainability: a significant business growth opportunity

## SUSTAINABILITY AS A GROWTH LEVER



## PIONEERING SUSTAINABLE PRODUCTS

### WHOLESALE AND RETAIL



## A CLEAR COMMITMENT IN PORTFOLIO ALIGNMENT TOWARDS NET ZERO 2050

2030 decarbonization goals set in CO2 selected intensive industries  
**Advise our clients in the transition**

Power



Auto



Steel



Cement



Coal



# A clear focus on our objectives



1

A larger and more profitable bank

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A distinctive bank for our clients  
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3

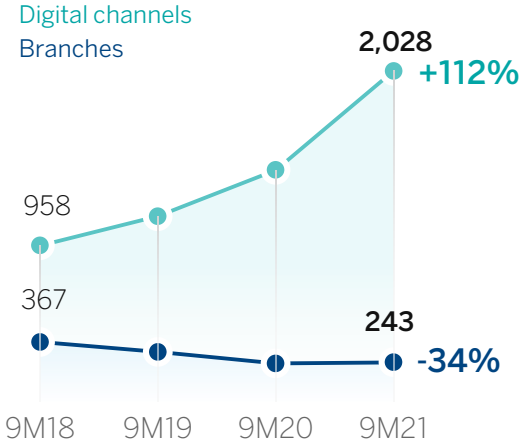
**Continue leading efficiency**  
through operational excellence

- Transformation of the relationship model
- Disciplined capital management

# Relationship model transformation to **support growth** with a **significantly lower cost-to-serve and sell**

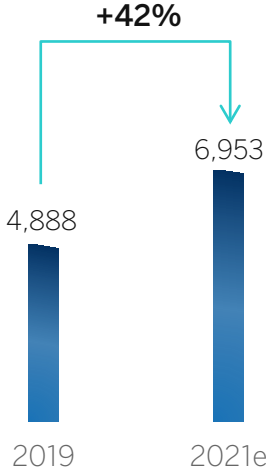
## RE-CHANNELLING

**MILLION TRANSACTIONS<sup>1</sup>**  
(TRANSACTION; 9M18-9M21 % CHANGE)

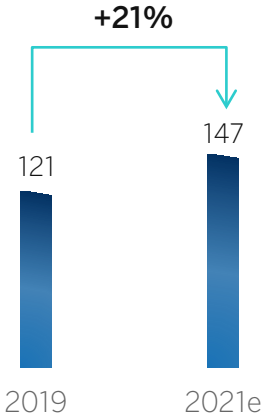


## IMPROVED PRODUCTIVITY

**CUSTOMERS PER BRANCH**  
(NUMBER OF CUSTOMERS)



**SALES VALUE<sup>2</sup> PER NETWORK FTE**  
(THOUSAND €)



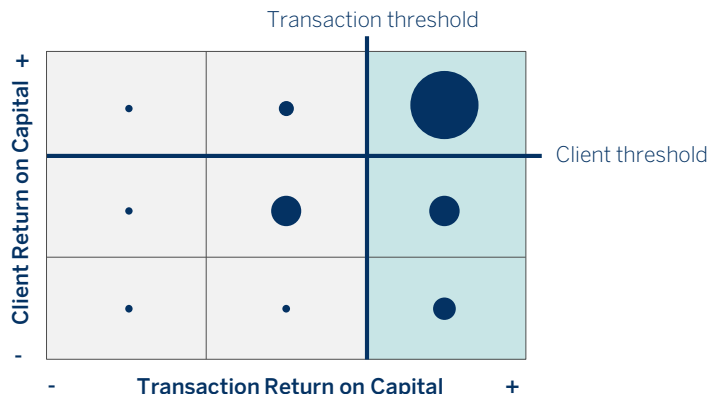
(1) Includes monetary and non-monetary transactions related to servicing. It excludes product sales and information inquiries (2) Total sales. Product Relative Value as a proxy of lifetime economic representation of units sold

## MECHANISMS TO IMPROVE PRICING AND OPTIMIZE CAPITAL ALLOCATION

### ➤ NEW PRODUCTION MAPPED BASED ON CLIENT AND TRANSACTION PROFITABILITY THRESHOLDS

**NEW PRODUCTION MATRIX, SPAIN - COMMERCIAL BANKING**  
(2Q 2021; % REGULATORY CAPITAL ALLOCATED)

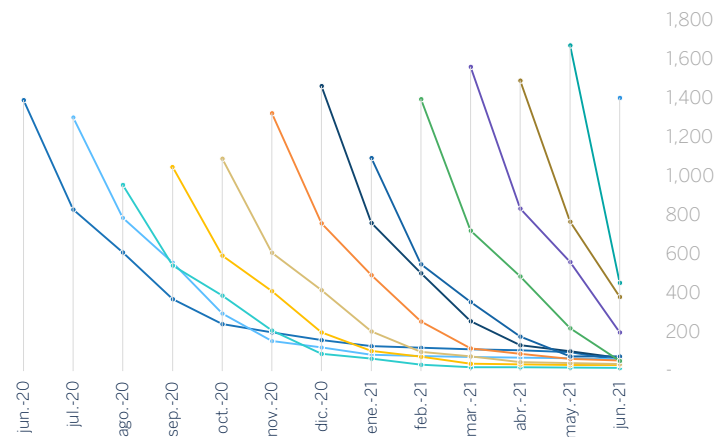
Exception pool
  Above transaction threshold
  % Regulatory capital allocated<sup>(1)</sup>



(1) Regulatory capital allocated to transactions in each matrix section

### ➤ MANAGEMENT OF EXCEPTION POOL CLIENTS TO IMPROVE PROFITABILITY, MAINLY THROUGH CROSS-SELL

**VINTAGE ANALYSIS, SPAIN - COMMERCIAL BANKING**  
(2Q 2021; # OF CLIENTS WITH AT LEAST ONE TRANSACTION IN EXCEPTION POOL)



# Evolving the organization to capture the opportunities of the new era

## GROWING KEY CAPABILITIES

2021 #FTES

2017-2021,  
% CHANGE

Data scientists and specialists

1,783

12x

Sustainability<sup>1</sup>

134

7x

Design

238

2x

Software Developers

5,378

+ 40%

Cybersecurity

574

+ 28%

## AGILE DEPLOYED ACROSS THE ORGANIZATION IMPACTING TIME-TO-MARKET AND PRODUCTIVITY

-50%

Time-to-market<sup>2</sup>  
(2016-2021)



~3x

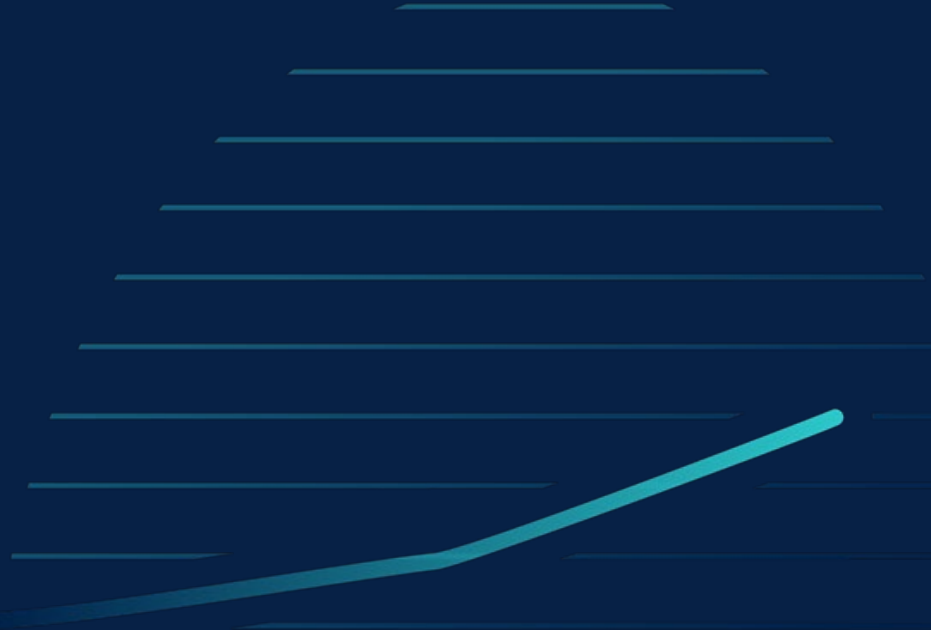
Productivity<sup>3</sup>  
(2016-2021)



(1) Sustainability data available since 2019. (2) Time-to-market measured by number of days since a scrum starts developing a feature to implementation. (3) Increase in feature releases in BBVA mobile app vs. traditional methodology.

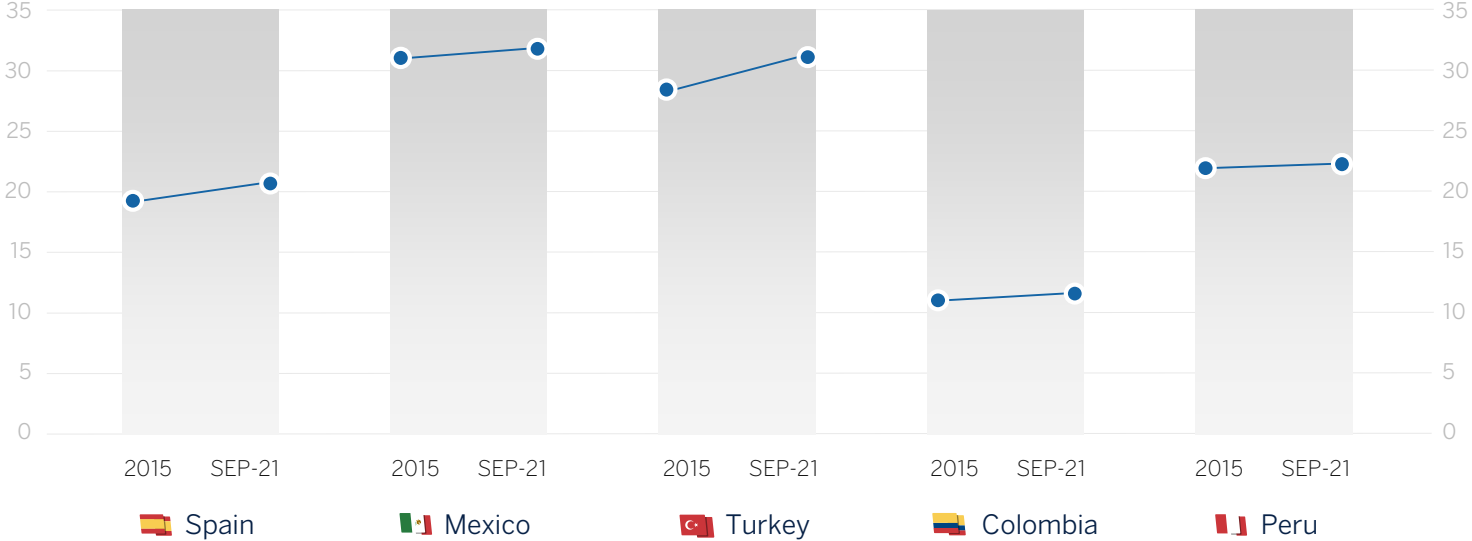
05

Countries' strategies  
designed to accelerate  
profitable growth



# Market position already strong and further improving

## CORE REVENUES MARKET SHARE<sup>1</sup> (%)



(1) Local peer groups for Spain (SAN, CABK, SAB, BKT), Mexico (BMX, BNT, SAN, HSBC, SCO), Turkey (AKB, ISB, YPK), Colombia (BANCOL, AVAL, DAVIV) and Peru (BCP, SCO, IBK).

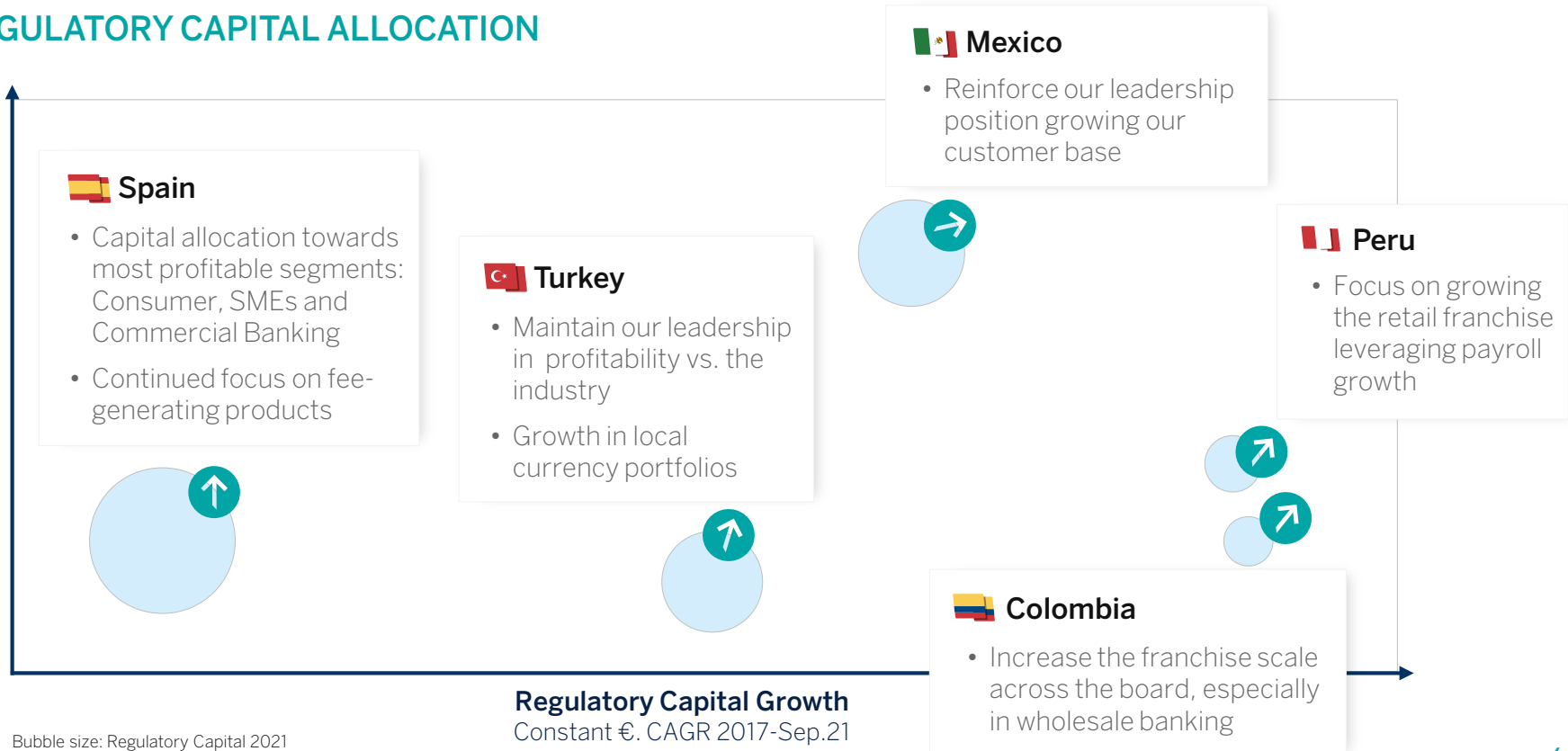


# Profitable organic growth with a disciplined capital approach

## REGULATORY CAPITAL ALLOCATION

(%)

RORC (2017 - Sep.21 average) vs CoE 2021




# Countries' strategies and goals fully aligned

## REVENUE GROWTH (%, CAGR, € CONSTANT)

## COST TO INCOME (%, AVERAGE)

## COST OF RISK (BPS, AVERAGE)

	2015-9M2021 annualized	2021-24 CAGR Goal	2015-9M2021	2024 Goal	2015-9M2021	Avg. 2022-24 Goal
 Spain	-1.9	Slight growth	54.3	45	36	< 35
 Mexico	+6.2	Close to double digit <sup>1</sup>	34.2	Low 30's	319	< 300
 Turkey	+17.7	High teens <sup>1</sup>	34.2	Low 30's	170	< 150
 South America	+7.0	Mid teens <sup>1</sup>	43.8	Low 40's	166	< 200

 Corporate Center

Expenses continue to decline

# Accelerating **profitable growth and value creation** for our shareholders

**COST-TO-INCOME**

**42%**

2024

**ROTE**

**14%**

2024

**TBV/SHARE + DIVIDENDS**

**9%**

2021-2024 CAGR

**NEW TARGET CUSTOMERS<sup>1</sup>**

**+10**Mn

2021-2024

**SUSTAINABLE FINANCE**

**€200** Bn

2018-2025

We remain committed to our 11.5-12% CET1 target range

(1) Target customers refers to those customers in which the bank wants to grow and retain, as they are considered valuable due to their assets, liabilities and/or transactionality with BBVA.

**Management incentives fully aligned with long-term goals**

# Takeaways

## BBVA is uniquely positioned to accelerate profitable growth

- **Leading franchises** in very attractive markets
- Trend-setters in **digital and sustainability**
- Differential **culture and mindset**
- Proven track record of **solid financial results**
- Disciplined **capital allocation**
- Excess capital for **shareholders' distributions and growth**

## We are executing on our strategic plan with clear objectives

- **A larger and more profitable bank**
- **A distinctive bank for our clients** based on a unique value proposition
- **Continue leading efficiency** through operational excellence

## We have set ambitious long-term goals to accelerate profitable growth and value for our shareholders