Digital Banking

Ricardo Forcano
Head of Business Development
Turkey, Mexico and South America

BoAML Digital Banking Revolution Conference
London, May 13th, 2015
Disclaimer

This document is only provided for information purposes and does not constitute, nor must it be interpreted as, an offer to sell or exchange or acquire, or an invitation for offers to buy securities issued by any of the aforementioned companies. Any decision to buy or invest in securities in relation to a specific issue must be made solely and exclusively on the basis of the information set out in the pertinent prospectus filed by the company in relation to such specific issue. Nobody who becomes aware of the information contained in this report must regard it as definitive, because it is subject to changes and modifications.

This document contains or may contain forward looking statements (in the usual meaning and within the meaning of the US Private Securities Litigation Act of 1995) regarding intentions, expectations or projections of BBVA or of its management on the date thereof, that refer to miscellaneous aspects, including projections about the future earnings of the business. The statements contained herein are based on our current projections, although the said earnings may be substantially modified in the future by certain risks, uncertainty and other factors relevant that may cause the results or final decisions to differ from such intentions, projections or estimates. These factors include, without limitation, (1) the market situation, macroeconomic factors, regulatory, political or government guidelines, (2) domestic and international stock market movements, exchange rates and interest rates, (3) competitive pressures, (4) technological changes, (5) alterations in the financial situation, creditworthiness or solvency of our customers, debtors or counterparts. These factors could condition and result in actual events differing from the information and intentions stated, projected or forecast in this document and other past or future documents. BBVA does not undertake to publicly revise the contents of this or any other document, either if the events are not exactly as described herein, or if such events lead to changes in the information of this document.

This document may contain summarised information or information that has not been audited, and its recipients are invited to consult the documentation and public information filed by BBVA with stock market supervisory bodies, in particular, the prospectuses and periodical information filed with the Spanish Securities Exchange Commission (CNMV) and the Annual Report on form 20-F and information on form 6-K that are disclosed to the US Securities and Exchange Commission.

Distribution of this document in other jurisdictions may be prohibited, and recipients into whose possession this document comes shall be solely responsible for informing themselves about, and observing any such restrictions. By accepting this document you agree to be bound by the foregoing restrictions.
Contents

1 The Digital Revolution

2 BBVA’s Digital Strategy
Mobile Internet is Transforming Society
Banking Industry Impacted by New Customer Expectations and Behaviors

- Omni-channel
- Customization
- New contents
- Mobility
- Transparency
- Real time
- Smart Data
# Fintech Startups Disaggregating the Value Chain

<table>
<thead>
<tr>
<th>Category</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Finances</td>
<td>fintonic, SIMPLE, mint.com</td>
</tr>
<tr>
<td>Investment and Wealth Management</td>
<td>wealthfront, PERSONAL CAPITAL, Betterment</td>
</tr>
<tr>
<td>Lending</td>
<td>OnDeck, LendingClub, LendUp</td>
</tr>
<tr>
<td>Equity and Debt Financing</td>
<td>crowdfunder, ROCK THE POST, AngelList</td>
</tr>
<tr>
<td>Payments &amp; Wholesale Markets</td>
<td>DWOLLA, Square, kantox</td>
</tr>
<tr>
<td>Cryptocurrencies</td>
<td>BITSTAMP, coinbase, bitpay</td>
</tr>
<tr>
<td>Personal advisory</td>
<td>Credit Karma, Bankrate, Inc, Money Super Market</td>
</tr>
<tr>
<td>Bank Transactions Data and Services</td>
<td>plaid, bancbox, STANDARD TREASURY</td>
</tr>
</tbody>
</table>
And Achieving Exponential Growth

Total Issued Loans ($Bn)

Source: Company Data

Total Assets under Management ($Bn)

Source: Company Data
1 The Digital Revolution

2 BBVA’s Digital Strategy
Strategic Objectives

1. Transforming our Current Business

2. Launching New Digital Ventures
Transforming Our Current Business

Customer Experience

Distribution Model

Digital Sales

Digital Capabilities

Infrastructure Development

Organization & Culture
Becoming Leaders in Customer Satisfaction

**Mobile banking satisfaction**
BBVA Spain vs Peers

<table>
<thead>
<tr>
<th></th>
<th>BBVA</th>
<th>Peer 1</th>
<th>Peer 2</th>
<th>Peer 3</th>
<th>Peer 4</th>
<th>Peer 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Score</td>
<td>82.9%</td>
<td>78.4%</td>
<td>75.9%</td>
<td>70.9%</td>
<td>69.9%</td>
<td>63.1%</td>
</tr>
</tbody>
</table>

**Online banking satisfaction**
BBVA Spain vs Peers

<table>
<thead>
<tr>
<th></th>
<th>BBVA</th>
<th>Peer 1</th>
<th>Peer 2</th>
<th>Peer 3</th>
<th>Peer 4</th>
<th>Peer 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Score</td>
<td>80.8%</td>
<td>75.9%</td>
<td>73.6%</td>
<td>72.9%</td>
<td>71.8%</td>
<td>66.6%</td>
</tr>
</tbody>
</table>

Growing our Digital Customer Base

Digital Active Customers
BBVA Group – Million

- Dec-2011: 7.1
- Mar-15: 12.9
- Goal 2015: 15.0

Penetration: 18%
CAGR ‘11-‘15: +20%

Mobile Active Customers
BBVA Group – Million

- Dec-2011: 0.5
- Mar-2015: 6.4
- Goal 2015: 8.0

Penetration: 1%
CAGR ‘11-‘15: +125%

Note: Figures including Garanti Bank. Jan.15 for South America and Mar.15 for Spain, Mexico, Garanti and USA.
Generating Traffic through SEO, SEM

Example: SEO Optimization
BBVA Spain vs Peers

Note: The Visibility score reflects the progress of your websites in the organic search and takes into account the positioning of all the keywords analyzed in a project.
Source: Advanced Web Ranking.
Digital Effective in Generating Additional Sales

Example: Financing of Specific Card Payments

BBVA Spain

Number of Loans

- Mobile
- Web
- Branch
- ATM
Digital Effective in Generating Additional Sales

Example: % Sales of Consumer Loans through Digital Channels

BBVA Chile

Launch of Process Improvements

0% 5% 10% 15% 20%

Jan-14 2%
Feb-14 3%
Mar-14 1%
Apr-14 3%
May-14 3%
Jun-14 2%
Jul-14 2%
Aug-14 3%
Sep-14 5%
Oct-14 8%
Nov-14 7%
Dec-14 8%
Jan-15 11%
Feb-15 9%
Mar-15 17%
Branch Activity Breakdown
BBVA Spain
% of Hours

Sales
- 38% in 2010
- 45% in 2014

Servicing
- 41% in 2010
- 37% in 2014

Back office
- 21% in 2010
- 18% in 2014

Distribution Model
Servicing Optimization
Hub & Spoke Model

Number of Clusters
BBVA Spain

Dec-13: 344
Dec-14: 251

-27%

% of Clusters with >5 branches
BBVA Spain

Dec-13: 31%
Dec-14: 76%
Cross-Sale Success
BBVA USA – 2014

Branch Advisor: 15%
Remote Advisor: 25%

Note: Cross-selling campaigns directed at digital customers.

Remote Banking NPS Evolution
BBVA Spain – 2014
Base 100: 1Q12

Distribution Model

Remote Bankers Model
New IT Platform

Infrastructure Development

Front-office/Channels:
- Branch
- Mobile
- Web
- Facebook
- ATM
- Call center

Middleware/Services:
- Customer information Files
- Integrated Accounts balances/movements
- Data Warehouse Clients Contracts
- Product catalogue
- Advice
- Product processor
- Settlement
- Events Mgmt. Engine
- Business Rules Mgmt. system
- Workflow and Processes

Core Banking System:
- Pricing Engine
- Web
- Mobile
- Front-office/Channels
- Middleware/Services
Strategic Objectives

1. Transforming our Current Business
2. Launching New Digital Ventures
Launching New Digital Ventures

- **Internal Ventures**
  - New independent businesses
  - Leveraging BBVA’s assets and external talent
  - 100% digital culture

- **BBVA Ventures**
  - SumUp
  - Radius
  - Taulia
  - DocuSign
  - Personal Capital
  - Coinbase
  - Ribbit Capital
  - Prosper

- **Digital M&A**
  - Simple
  - Soluciones MADIVA
  - Spring Studio
Conclusions

✓ The banking industry is facing a structural transformation

✓ Banks need to transform their business to compete in the new environment

✓ BBVA has taken significant steps to accelerate its digital transformation:
  ✓ Focused organization to boost transformation and increase results
  ✓ Development of new capabilities and business models
  ✓ Cultural transformation to become more agile, flexible and efficient

✓ First results show large impact in improving customer experience, driving additional sales and increasing productivity
Digital Banking

Ricardo Forcano
Head of Business Development
Turkey, Mexico and South America

BoAML Digital Banking Revolution Conference
London, May 13th, 2015