

**BBVA**

Creating Opportunities

# Sustainability as a business opportunity

JAVIER RODRÍGUEZ SOLER,  
HEAD OF SUSTAINABILITY



BBVA  
**Investor**  
Day

# Disclaimer

This document is only provided for information purposes and does not constitute, nor should 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. No one who becomes aware of the information contained in this report should 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 Reform Act of 1995) regarding intentions, expectations or projections of BBVA or of its management on the date thereof, that refer to or incorporate various assumptions and projections, including projections about the future earnings of the business. The statements contained herein are based on our current projections, but the actual results may be substantially modified in the future by various risks and other factors 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 cause or result in actual events differing from the information and intentions stated, projected or forecast in this document or in 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 as described herein, or if such events lead to changes in the information contained in 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 filed with 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.

# Sustainability, the biggest transformation in human history

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  
+1.5°C by 2050

**Worldwide** annual  
investment to limit  
global warming until 2030

**\$7Tr<sup>(1)</sup>**

## European Union

Extensive policy responses  
geared to sustainability for  
2021-2024

NGEU  
**€750Bn<sup>(2)</sup>**

## LatAm & Turkey

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

**€1Tr/year<sup>(3)</sup>**  
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

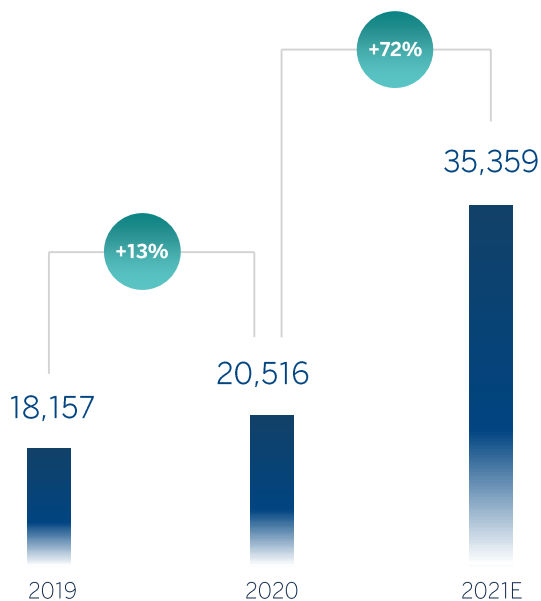


**Manage impacts** (direct and indirect emissions) of banks' activities

**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)



(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)

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

## New sustainable solutions...



Energy-efficient linked mortgages



Hybrid and electric vehicles loans



Carbon footprint calculator for retail and corporates



Energy efficiency advisory for enterprise clients

BBVA offers a sustainable alternative for most of its main products

## ... leveraging BBVA's digital capabilities



Pioneer in adding sustainability advice in the app

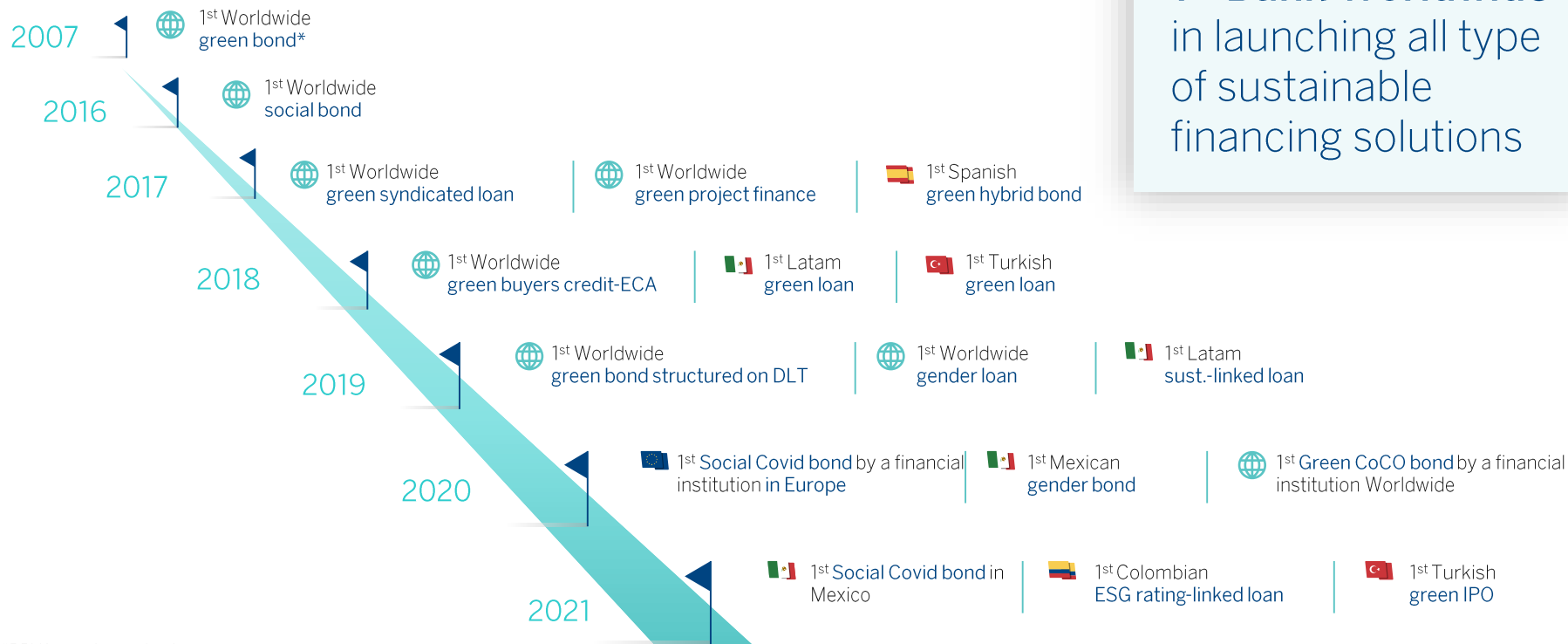


World's 1<sup>st</sup> bank to use data analytics to calculate companies' carbon footprint

## Sustainable and successful transition leveraging BBVA's digital edge

# ...and pioneering in sustainable activity

**1<sup>st</sup> Bank Worldwide**  
in launching all type  
of sustainable  
financing solutions



\*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 <sup>(1)</sup>	Metric	BBVA Baseline (2020)	Benchmark vs scenario baseline	Absolute effort by 2030
Power	Kg CO <sub>2</sub> e/Mwh	249		(52%)
Auto	g CO <sub>2</sub> e/km	220		(46%)
Steel	Kg CO <sub>2</sub> e/Tsteel	665		(23%)
Cement	Kg CO <sub>2</sub> e/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

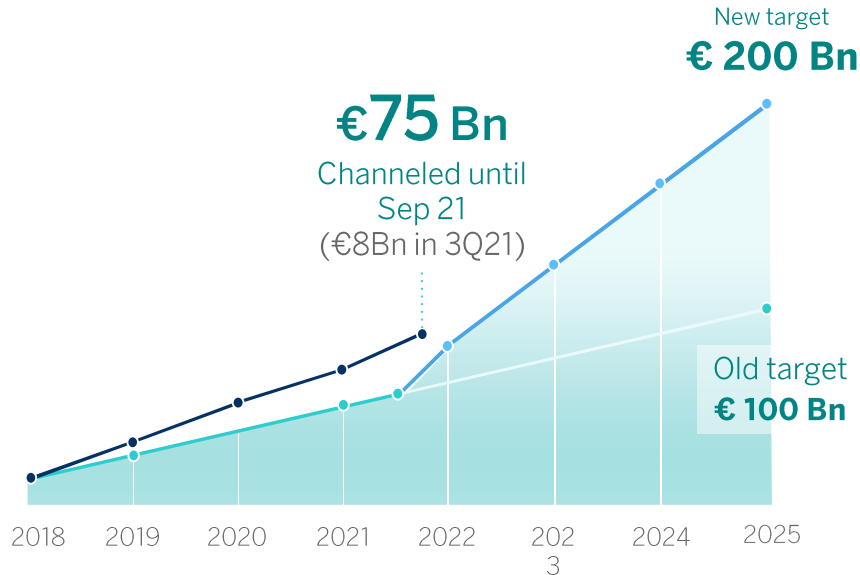
Superior risk management capabilities **integrating transition risk into banking processes** while enabling portfolio alignment

### 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

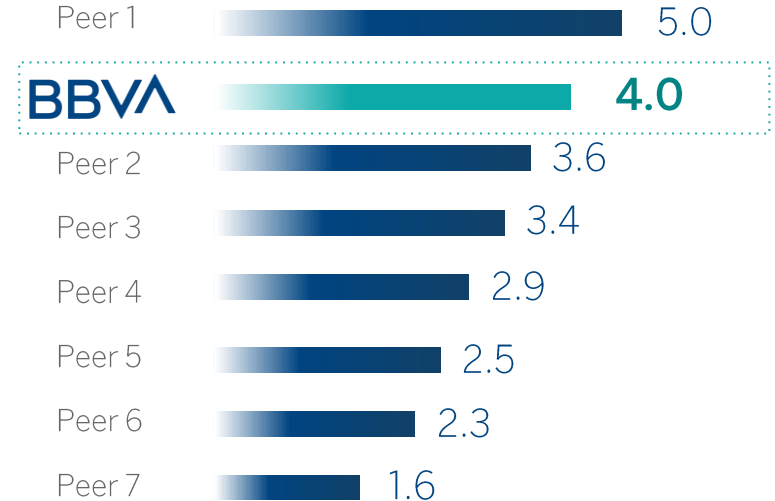
## 2X our target of channeling sustainable financing



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, Société Générale and Standard Chartered

# Prioritizing 12 transition themes for business execution








## 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**



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**

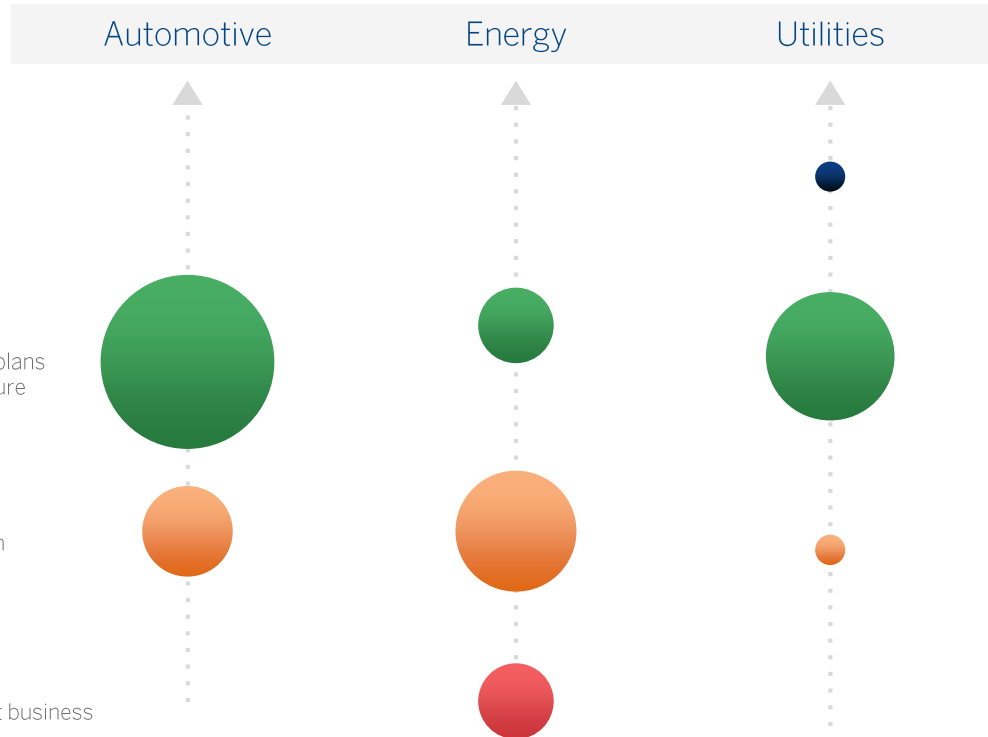
# Development of a **transition risk indicator as a scoring tool** to support clients' transition and align our portfolio

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



## 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**

**BBVA**

Creating Opportunities

The graphic consists of a series of horizontal lines of varying lengths that form a triangular shape pointing upwards. A single, thicker line starts from the left side of the base and curves upwards and to the right, ending near the top right of the triangular shape.

BBVA  
**Investor**  
Day