



Creating Opportunities

Sustainability as a business opportunity

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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⁽¹⁾

European Union

Extensive policy responses
geared to sustainability for
2021-2024

NGEU
€750Bn⁽²⁾

LatAm & Turkey

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

€1Tr/year⁽³⁾
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



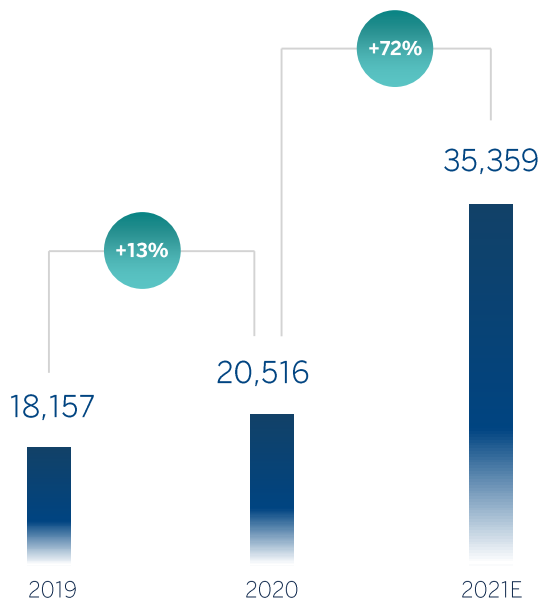
Manage impacts
(direct and indirect emissions) of banks' activities

In this new environment, BBVA has been a first mover taking advantage of this relevant business opportunity

OUR DIFFERENTIAL POSITIONING

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

+270%
9M YoY



Hybrid and electric vehicles loans

+232%
9M YoY



Carbon footprint calculator for retail and corporates

470,000
visits YTD



Energy efficiency advisory for enterprise clients

BBVA offers a
sustainable
alternative for
most of its main
products

... leveraging BBVA's digital capabilities



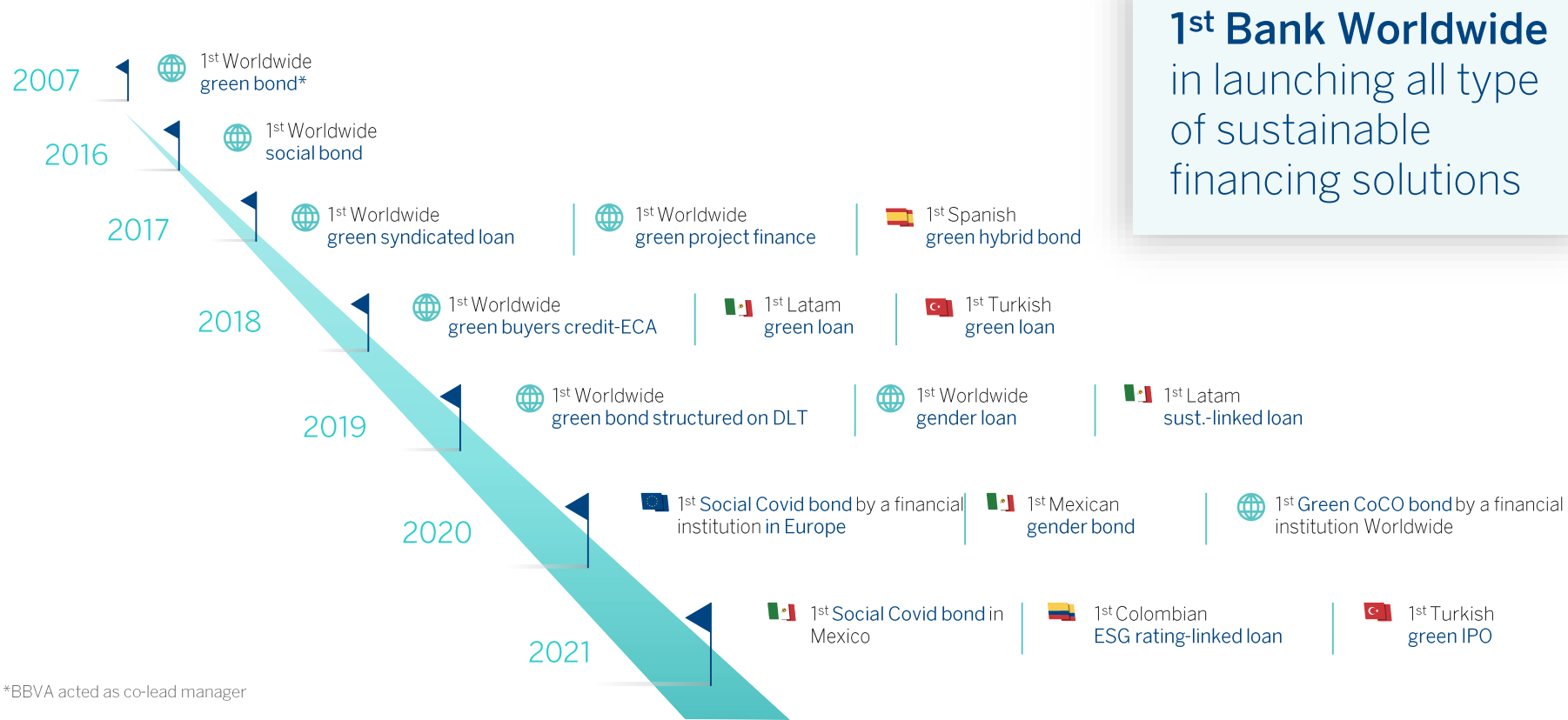
Pioneer in adding sustainability advice in the app



World's 1st bank to use data analytics to calculate companies' carbon footprint

Sustainable and successful transition leveraging BBVA's digital edge

...and **pioneering in sustainable activity**












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

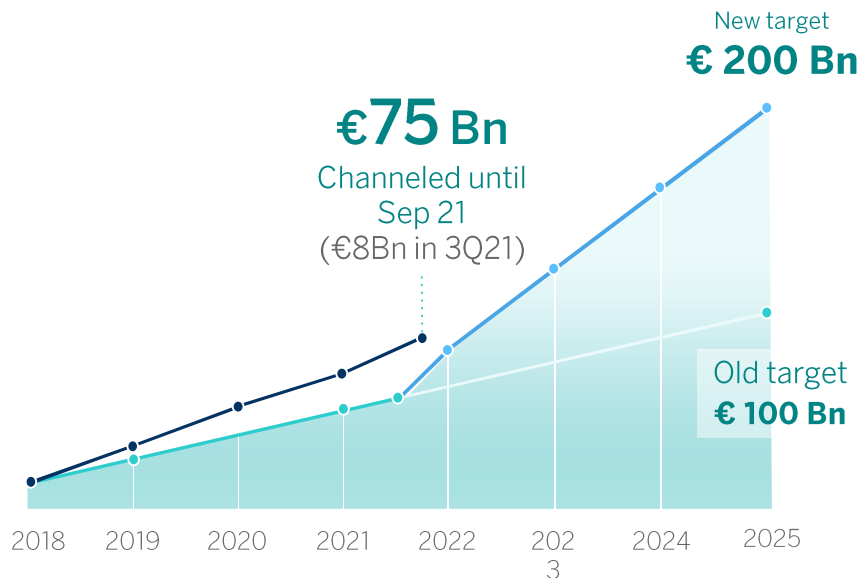
Superior risk management capabilities **integrating transition risk into banking processes** while enabling portfolio alignment

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

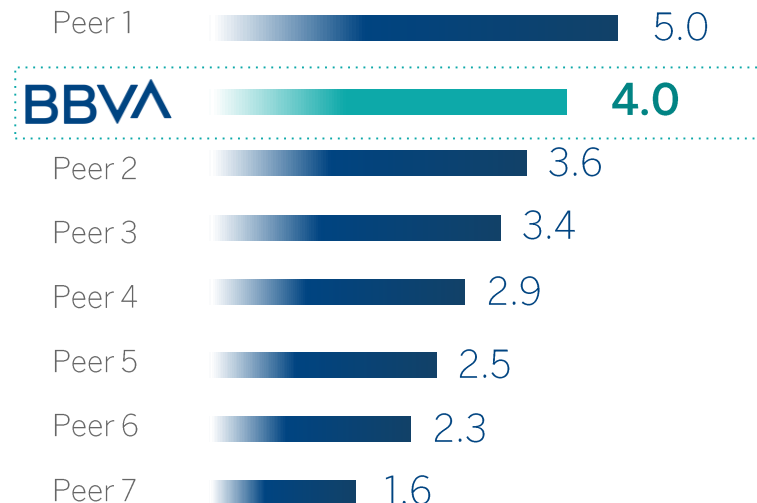
2X our target of channeling sustainable financing



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

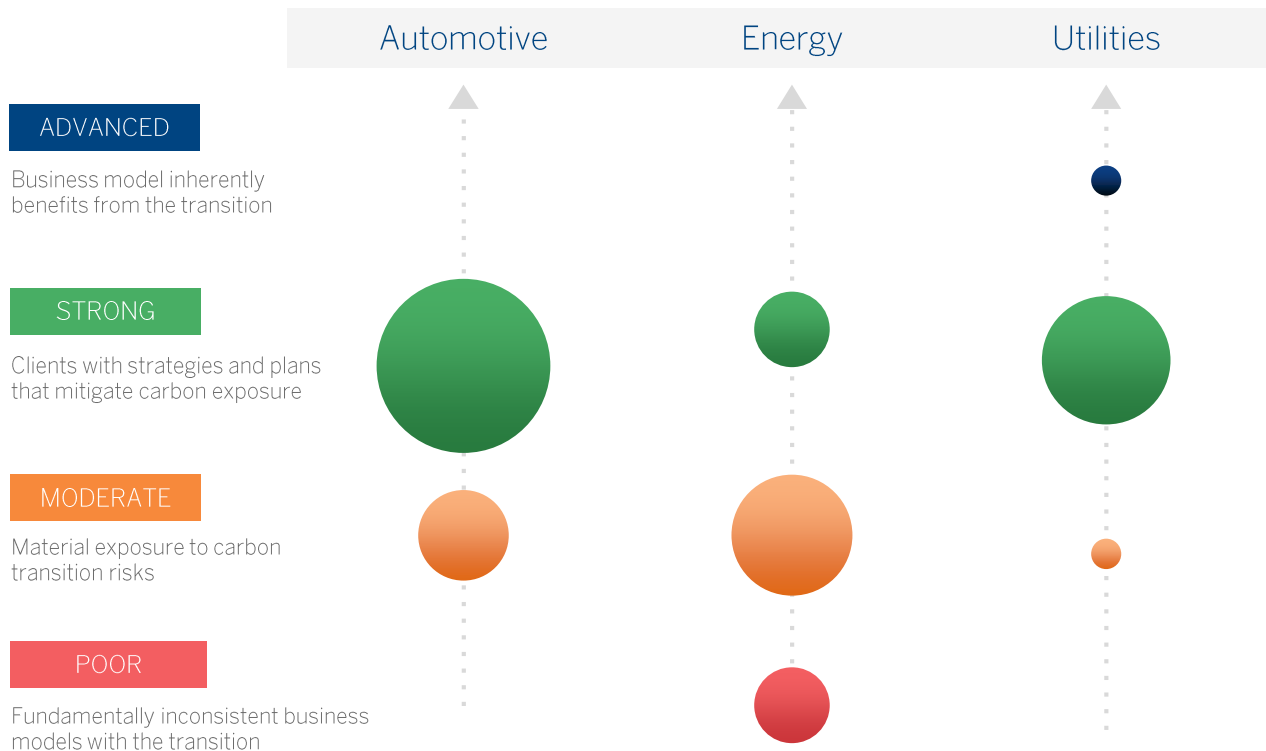
Creation of tools to strategically steer business origination

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**



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