

BBVA

Creating Opportunities

Responsible Banking Report USA 2018



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Dear Stakeholders,

This year marks my first as the U.S. Country Manager and CEO of BBVA. I am proud to lead such a successful and committed team of professionals, and I am more than a little impressed with their accomplishments over the past year. This year also marks the bank’s global transition to its new brand identity. As you may notice here, the bank’s individual country units have eliminated their individual variations — such as BBVA Compass — in favor of a single, updated BBVA brand. This new brand clearly defines us as a unified organization, one that collaborates across borders and benefits from one another’s innovation and advancement. I expect that BBVA USA will not only benefit from this collaboration but will continue to lead in innovation and digital transformation.

Letter from the President & CEO

In addition to the financial success BBVA achieved last year in the U.S., the bank also earned a number of industry accolades that reflect its commitment to its employees and the communities it serves. Some of the most significant achievements were the bank’s outstanding CRA rating, its increased commercial customer net promoter score, and the recognition in the top five in Futurion’s 2019 mobile deposit benchmark report.

Going forward, we will continue to focus our efforts on those topics that are of specific importance to our shareholders: data protection, sustainability, and ethical behavior. The protection of our customers’ data is a critical responsibility, and one of the fundamental commitments we make to our customers. This is clearly reflected through the establishment and continual improvement of our Information Security Program through policies and security measures that protect the confidentiality, integrity and availability of BBVA customer information.

Similarly, sustainability and liquidity management will continue to be a key focus for us. The bank’s liquidity management has always been an

essential part of meeting demands for funds without disrupting routine operations. Proper liquidity management also ensures the bank continues to be well prepared for market volatility. And, as the bank works toward its purpose of bringing the age of opportunity to everyone, we envision building a more sustainable future through lending, products and services so that we are continually building value for stakeholders and contributing in a meaningful way to a more sustainable world.

In an effort to continue providing clear and ethical information to our employees and our customers, the bank has implemented its Transparent, Clear and Responsible (TCR) Communication project. TCR provides transparent and pertinent information to employees and clients so customers can make sound financial decisions. The program’s principles apply to all functional areas across the organization, particularly marketing and sales materials, legal and compliance documents, and digital channels and are designed to enhance usability, clear presentation and communication of banking information.

Our commitment to these key initiatives will continue to be one of the threads that bind us to our past achievements as we move forward. Combined with our ongoing digital transformation, BBVA is well positioned for continued success. The partnership between our extensive branch network and our award-winning digital channels creates an omnichannel experience that is difficult for a digital-only provider to replicate. Our own research clearly shows the importance of branches in support of digital product adoption and, beyond that, we know that consumers consistently use more than one channel. Our objective, therefore, is to serve our customers according to their needs, providing products and services that match the ways they use the bank, and bring the age of opportunity to everyone.

Francisco Javier Rodríguez Soler
President & CEO



Letter from Executive Vice President, Director of Communications and Responsible Business

Dear Stakeholders,

This past year marks one of the most rewarding of my career. Through the hard work and dedication of the entire Responsible Business team -- and indeed, a diverse team of people from across the bank -- BBVA USA has achieved more than we ever thought possible just a few short years ago.

Throughout 2018, we have continued to demonstrate our strong commitment to responsible banking across our footprint with renewed and improved programs, and that is reflected in the forward progress we made on our 5-year \$11 billion commitment for lending, investments and services supporting low- and moderate-income individuals and neighborhoods. We made this commitment in 2014, and I'm confident that by the end of 2019, we'll have exceeded the expectations we set for ourselves all those years ago.

In 2018, BBVA USA implemented programs and enhanced processes in a number of key areas, including:

• Lending and Investments

- The bank has reached in excess \$2.7 billion in community development lending, surpassing its 5-year commitment.
- In year four of its small business commitment, BBVA USA is already more than halfway to its \$6.2 billion goal, with \$4.8 billion in lending as of 2018.
- The bank worked in close partnership with 22 CDFIs across our footprint making investments totaling \$69.1 million to increase CDFI lending capacity.

• Community Giving

- During 2018, the Community Giving Program invested \$9.8 million in bank charitable sponsorships and grants from the BBVA Foundation for community-based programs and events.
- BBVA Momentum, a five-month program for social entrepreneurs which launched in the U.S.

in 2017, expanded to include entrepreneurs from all states in the bank's footprint, and awarded Dallas-based On the Road Lending a \$75,000 first place prize in 2018.

- The Center for Financial Education pilot program took place in 19 markets across the bank's seven-state footprint reaching over 2,900 low- to moderate-income adults.
- The bank conducted round two of The Opportunity Fellows Program, a joint initiative with Opportunity Finance Network that is designed to boost the leadership ranks at community development financial institutions (CDFIs) across the U.S.

• Employee Involvement

- BBVA employees contributed 110,499 volunteer hours in community service activities in 2018.

Additionally, our work in building one team has earned BBVA a perfect score in the HRC 2018 Corporate Equality Index, national recognition as a DiversityInc 2018 Noteworthy Company, and inclusion in the Bloomberg Gender Equality Index

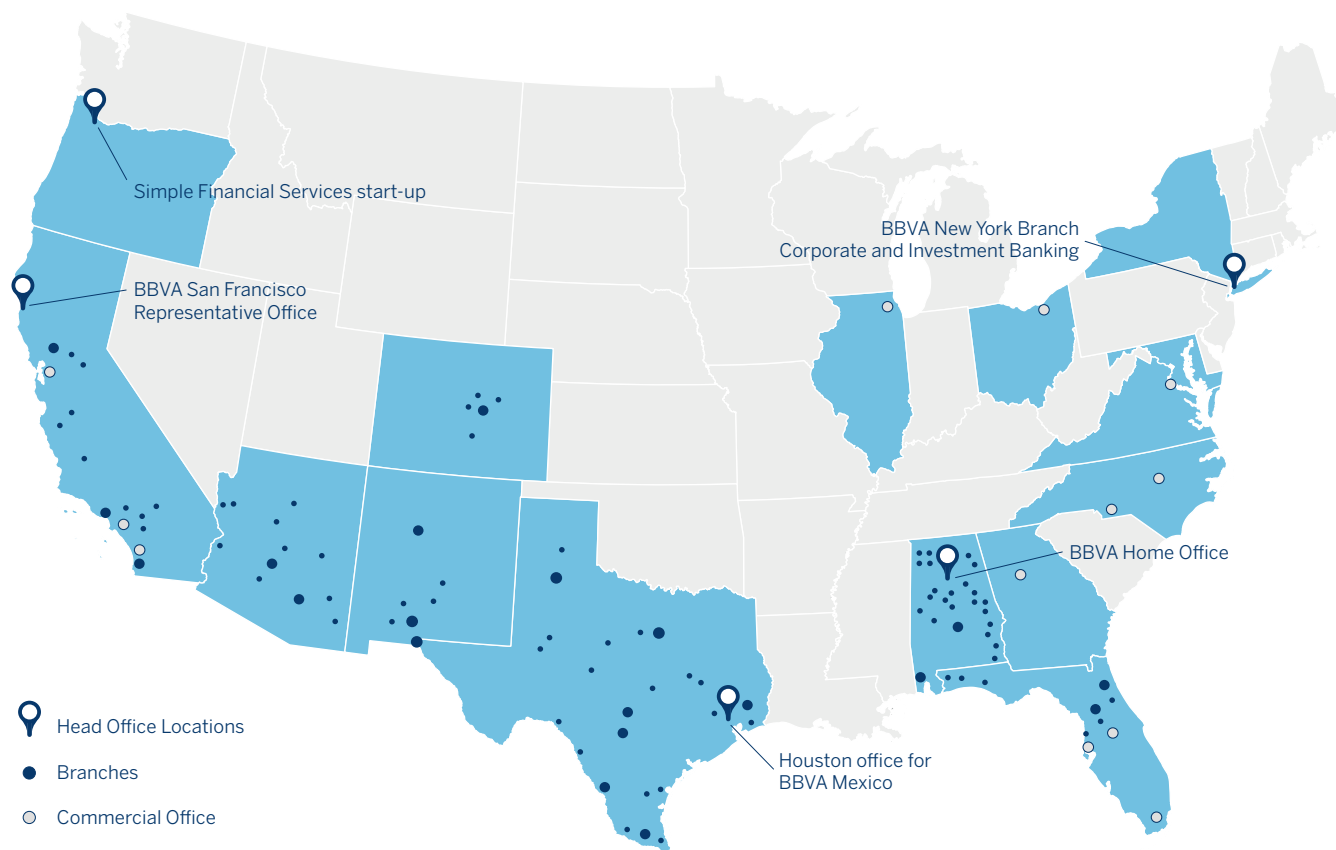
and the Equileap Global Report on Gender Equality: 200 Best Global Companies for Gender Equality.

As we move through 2019, Responsible Business will continue to demonstrate our dedication to the global organization's core values - the customer comes first, we think big, and we are one team - by delivering in the last year of our \$11 billion pledge and enhancing and building the capstone projects that further affirm our commitment to the communities where we operate.

All these efforts combine for one single purpose, which is to bring the age of opportunity to everyone.

J. Reymundo Ocañas
Communications and Responsible Business – EVP, Director, BBVA USA

► Executive Summary



\$90,947,174

Total Assets (In Thousands)

7

States

644

Branches

10,624

Employees

About BBVA

BBVA USA Bancshares Inc., is a wholly owned subsidiary of BBVA (NYSE: BBVA) (MAD: BBVA). BBVA is a customer-centric global financial services group founded in 1857. Headquartered in Houston, Texas, BBVA USA Bancshares is a Sunbelt-based holding company whose principal subsidiary, BBVA USA, operates branches in Texas, Alabama, Arizona, California, Florida, Colorado and New Mexico. BBVA USA ranks among the top 25 largest U.S. commercial banks based on deposit market share. BBVA is used as a trade name for the US bank.

BBVA provides financial solutions that fit with the lives of our customers. We offer traditional credit and deposit products, Small Business Administration (SBA) loans, treasury management, leasing, accounts-receivable purchasing, asset based lending, international services, insurance, interest-rate protection and investment products, specialized investment portfolio management, traditional trust and estate services, investment advisory services and financial counseling.

Key Responsible Business Indicators



\$3,663,487

Revenues in Thousands

\$1,190,065

Operating Costs in Thousands

\$1,154,791

Employee Wages and Benefits in Thousands

\$415,546

Payments to Providers of Capital in Thousands

\$351,465

Payments to Government in Thousands

1,914,153

Number of Customers



10,624

Employees

644

Branches

1,689

Number of Suppliers



\$9,834,592

Charitable Contributions

\$972,980

Employee Donations

110,499

Employee Volunteer Service Hours



7,230

Number of Mortgages

29,561

Number of SME Loan Customers

\$2.66 billion

Value of SME Loan Portfolio

\$1,174,722,000

Small Business Lending

\$726,241,647

Community Development Lending

\$411,128,000

LMI Home Mortgage Lending

Our Purpose:

To bring the age of opportunity to everyone.



The BBVA Mobile Banking App was named a leader for the fifth consecutive year for both ease of use and customer service in Javelin Strategy & Research's 2018 Mobile Banking Scorecard.



Awards

- ✓ DiversityInc: 2018 Noteworthy Company
- ✓ 2018 Corporate Equality Index: 100%
- ✓ Bloomberg Gender Equality Index
- ✓ Equileap Global Report on Gender Equality: 200 best global companies for gender equality
- ✓ Javelin Strategy & Research 2018 Mobile Banking Scorecard: Ease of Use
- ✓ Javelin Strategy & Research 2018 Mobile Banking Scorecard: Customer Service
- ✓ Futurion 2018 Mobile Deposit Benchmark Report: Top Five Bank in Mobile Deposit User Experience
- ✓ American Heart Association: 2018 Workplace Health Achievement Index, Gold Status
- ✓ Greenwich Associates: 2018 Customer Service Award: Proactively Provides Advice



FUTURION



International Commitments & Corporate Policies

As a leading financial institution under the umbrella of BBVA Group, BBVA USA actively engages with the global community focused on banking governance. We are aligned with the leading global frameworks, such as Equator Principles and the UN Global Compact, among others as outlined below.

Responsible Decision-Making Framework

SUSTAINABILITY

SOCIAL

- ✱ **BBVA Code of Conduct**
- ✱ **BBBVA USA Code of Conduct**
- ✱ **Code of conduct for suppliers of the BBVA Group**
- ✱ **Commitment to Human Rights, January 2018**
- ✱ **Responsible Procurement Policy**
 - ✚ Social Bond Principles (ICMA)
 - ✚ The Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (UN)
 - ✚ The Convention on Elimination of All Forms of Discrimination against Women (UN)
 - ✚ The Convention on the Rights of Persons with Disabilities (UN)
 - ✚ The fundamental agreements of the International Labor Organization (ILO)
 - ✚ The International Bill of Human Rights
 - ✚ The International Convention on Children’s Rights (UN)
 - ✚ The International Convention on Elimination of All Forms of Racial Discrimination (UN)
 - ✚ The International Convention on the Protection of the Rights of all Migrant Workers and Members of their Families (UN)
 - ✚ The International Covenant on Civil and Political Rights (UN)
 - ✚ The International Covenant on Economic, Social and Cultural Rights (UN)
 - ✚ The Universal Declaration of Human Rights

ENVIRONMENT

- ✱ **BBVA Group Environmental Commitment**
 - ✚ CDP
 - ✚ Green Bond Principles
 - ✚ RE 100
 - ✚ Science Based Targets Initiative
 - ✚ Task force on Climate-related Financial Disclosures
 - ✚ United Nations Global Compact

✱ **Corporate (global)** ✚ International

- ✱ **Conduct in the securities market policy**
- ✱ **Corporate Social Responsibility Policy**
 - ✚ Global Compact (UN)
 - ✚ Global Management Committee of the sustainable finances forum of the United Nations (UNEP FI)
- ✱ **Pledge 2025**
- ✱ **Prevention of corruption at BBVA**
- ✱ **Prevention of money laundering and funding terrorism**
 - ✚ Principles for Responsible Investment (UN)
- ✱ **Rules conduct in defense**
- ✱ **Sector Norms for Environmental and Social due diligence**
 - ✚ Sustainable Bond Guidelines (ICMA)
- ✱ **Sustainable Development Goals (SDG’s) Bond Framework**
 - ✚ The Equator Principles (IFC)
 - ✚ The OECD Guidelines for Multinational Enterprises
 - ✚ United Nations Sustainable Development Goals

► Strategy

BBVA's purpose is "to bring the age of opportunity to everyone," which is summed up by the tagline "creating opportunities." Our aim is to help customers achieve their goals in life. We see ourselves as an engine of opportunity that can have an impact on people's lives and businesses.

Vision

BBVA's value proposition is built on a foundation of customer experience and trust.

- Helping customers make the best financial decisions (in banking and other areas) with a clear, simple and transparent range of products and services.
- A commitment to ensuring services are available any time, anywhere and in the way the customer most prefers.
- Helping customers manage their finances by proactively offering customized and innovative services and recommending the services that best suit their unique financial needs.

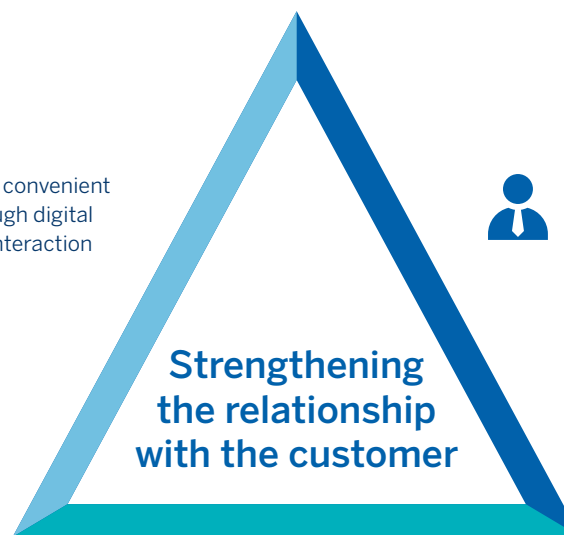
Our Aspiration



Through an easy and convenient experience: DIY through digital channels or human interaction



Offering relevant advice to help our customers make the best financial decisions



Providing the best solutions that make customers lives easier

Redefining our Value Proposition based on customer experience and trust

BBVA Values

Our values define our identity and are the pillars for making our purpose a reality.

BBVA Values Day

BBVA brought the company values to life through our first ever Values Day in June of 2018. The day was an opportunity for bank employees to celebrate and reflect on what the values look like in action and how we can all work together to live them. All 10,000+ employees joined in the reflection and discussion sessions called "Values Exchange."

"I was so inspired by what was happening and how open people were in the informal settings. They were talking to each other about whether we live our values in the best way we can and how we can improve on living up to them," said Onur Genç, Chief Executive Officer of BBVA Group.

VALUES



Customers come first



We think big



We are one team

MAIN BEHAVIORS

We are empathetic

We factor in the client's point of view by putting ourselves in their shoes from the beginning so we can understand their needs better.

We have integrity

Everything we do is legal, publishable and morally acceptable by society. We always put the customer's interest first.

We meet their needs

We are fast, agile and decisive when solving customer's problems and needs. We overcome the obstacles in our way.

We are ambitious

We set ambitious and aspirational goals to have a real impact on people's lives.

We break the mold

We question everything we do to find new ways of doing things. We innovate and test new ideas that help us learn.

We amaze our customers

We aim to excel in everything we do in order to amaze our customers with unique personal experiences and solutions that beat their expectations.

I am committed

I am committed to my role and my goals, and I feel empowered and fully responsible for achieving them. I am passionate and enthusiastic about my job.

I trust others

I trust all my coworkers right from the beginning, and I work generously as I collaborate and break down silos and hierarchical barriers.

I am BBVA

I feel like an owner of BBVA: I take responsibility for the bank's objectives as if they were my own, and I do everything in my power to achieve them and make our Purpose a reality.

BBVA Transformation

BBVA aims to help our customers achieve their life goals. We want to be an engine of opportunity and have a true impact on people’s lives and businesses.

Customers expect their transactions to be simple, transparent and immediate. BBVA is focused on continually improving the way we use data and technology to meet those expectations.

To accomplish this, BBVA is undergoing a transformation that will create opportunities to better serve our customers and communities. As

a result of this transformation, BBVA will provide customers advice that matches their needs and objectives with our products and services.

Our customers will be able to conduct their banking with us through digital channels. And those transactions will be simple, fast and fully automated, whether through our own or third-party channels.

To achieve this, BBVA is becoming a truly data-driven company supported by a sophisticated software development platform that is responsive to customer needs.



BBVA employee Jarad Clark.

“Business Development’s role in digital transformation is to use technology to build the products and solutions that make customers’ lives easier.” — José Luis Elechiguerra, Head of Business Development

BBVA Ninja Hackathon

BBVA is embracing new Problem-solving tools and networks that complement the company’s transformation. In 2018, the IT professionals in BBVA’s engineering team invited students from the University of Alabama Birmingham (UAB) to the inaugural BBVA Ninja Hackathon.

Six teams, including 50 engineering employees — known as ninjas — and 10 students from the UAB’s School of Engineering, competed against one another in a two-day event.

Each team’s goal: to build a mobile app for the Regional Planning Commission of Greater

Birmingham and its programs, Shape Birmingham initiative, UAB Sustainable Smart Cities Research Center and Tech Birmingham. The winning team shared their app with the Regional Planning Commission of Greater Birmingham.

“The Hackathon was an opportunity for us to give back to our community, engage in teamwork, learn new technologies, and network with young talent,” said Jason Howard, Executive Director of Enterprise Architecture at BBVA USA. “Plus, we basically got to ‘geek out’ for two days while drinking coffee and having fun.”



Total Customers = 1,914,153
Digital Customers = 916,425 (47.8%)

Materiality Process

BBVA listens carefully to our stakeholders in order to inform our business strategy and this report. In 2018, we conducted a materiality exercise, in conjunction with BBVA Group, to identify strategic priorities.

Our stakeholders are based on BBVA Group's stakeholders, historical experience and input from Datamaran (automated processes for benchmarking, materiality analysis and ESG risk management).

As in past years, we conducted a detailed review of the available data from surveys, media, customer feedback, regulatory requirements and industry benchmarking, among others. In 2018, BBVA Group expanded the process to include increased collaboration with internal teams including Strategy & M&A (Mergers & Acquisitions), Client Solutions, Supervisory Relations, Legal Services and Responsible Business. This process gave us greater insight and led to deeper internal discussions

around the relationship between various stakeholder priorities and business strategies.

The materiality process took place in the following phases:

1. **Identify relevant issues for each of the stakeholders based on interviews with their BBVA points of contact. This information supplemented information gathered through ongoing listening and dialogue tools such as surveys, media analysis and more.**
2. **Consolidate the issues into a single list of twelve.**
3. **Prioritize the issues according to stakeholder importance based on a series of surveys and interviews, as well as an analysis of social media and networks, trends and the industry landscape.**
4. **Assess issues for their impact on BBVA's strategy with a focus on the company's six Strategic Priorities.**



Jorge Rembis (right) and Denise Abraham work together in Mortgage Operations at the Tempe Operations Service Center in Arizona.

The GRI Standards provide two key clarifications regarding to the Principle of Materiality:

The meaning of 'impact' – In the GRI Standards, unless otherwise stated, 'impact' refers to the effect an organization has on the economy, the environment, and/or society, which in turn can indicate its contribution (positive or negative) to sustainable development. It does not refer to an effect upon an organization, such as a change to its reputation.

Two dimensions – It has been clarified that an organization is required to identify material

topics by considering the two dimensions of the principle: (1) the significance of the organization's economic, environmental, and social impacts — that is, their significance for the economy, environment or society, as per the definition of 'impact' — and (2) their substantive influence on the assessments and decisions of stakeholders. A topic can be material if it ranks highly for only one dimension of the Materiality principle.

Strategic Priorities



Customer Experience



Digital Sales



New Business Models



Optimize Capital Allocation



Unrivaled Efficiency



A First Class Workforce



DIY empowers customers to have a do-it-yourself banking experience so they can choose where, when and how they bank.

Material Topics

Through the materiality process, BBVA identified the following topics as material:

- **Easy, fast and DIY (do it yourself):** refers to the way stakeholders interact with BBVA, with a priority on accessibility, the ability to engage with agility and simplicity, at any time and from anywhere, taking advantage of advanced technology.
- **Solvency and sustainable results:** stakeholders expect BBVA to be solvent and sustainable. BBVA's business model needs to adapt to market changes from disruptive technologies and new competitors, to geopolitical issues and more.

- **Cybersecurity and responsible use of data:** stakeholders expect their sensitive financial and other personal data to be secure at BBVA. Data is expected to be protected and used carefully and responsibly as approved and always complying with the law. This is critical to maintaining trust.
- **Ethical behavior and consumer protection:** stakeholders expect BBVA to be responsible and to protect clients or depositors by acting transparently, offering products that are appropriate to their risk profile and managing ethical challenges with integrity.

This information supplemented that gathered through ongoing listening and dialogue tools such as surveys, media analysis and more. See "Stakeholder Group Approach" on page 14.

BBVA USA MATERIALITY MATRIX 2018



STAKEHOLDER GROUP APPROACH

Stakeholder Group	Communication Channel	Main Topics	What matters to our Stakeholders	Main Topics
Customers	• Materiality assessment • Solicited feedback • External reputation survey • Formal complaint management • Customer appreciation days	• Customer perception towards BBVA • Bank fees • Digital access capabilities • Credit decisions	• Solvency of the entity • Consumer protection • Cybersecurity and responsible use of data • Agility, simplicity, convenience and self-service • Value counseling: personalized solutions and recommendations	• Put our clients at the center of the activity • Drive transparent, clear and responsible communication and financial education to facilitate informed financial decision making • Develop social and environmental products and services • Promote financial inclusion
Employees	• Materiality assessment • Internal reputation survey • Emails • Intranet stories and content • Manager talking points • Volunteer connection • Emails via volunteers mailbox	• Employee perception towards BBVA • Employee benefits • Career growth and development • BBVA's values • Company goals • Volunteering opportunities • Volunteer stories • Volunteer recruitment • Charity program and/or current campaigns	• Occupational safety and soundness of the company • Culture and values aligned with one's own • Professional development • Equality of opportunity, diversity and conciliation • BBVA to be a good place to work	• Respect for diversity and promotion of equal opportunities • Promote work-life balance • Guarantee employee health and safety • Promote a culture of social commitment
Investors	• Investor portal • Fixed Income presentations	• Principles and policies • Financial information • Fiscal policy • Sustainable finance • Responsible banking • Sustainability ratings	• Solvency • Shareholder remuneration • Strategy and creation of sustainable value • Good governance of the entity • Environment and climate change	• Transparency in disclosure of information • Awareness about of shareholders' rights • Guarantee equality of treatment
Regulators	• Materiality assessment • Regulatory oversight and relations team • Ongoing dialogue with regulators and examination team • Quarterly CRA update calls • Email responses to regulator questions	• CRA performance exam • Regulatory reform • Working to create financial education opportunities • New investment opportunities • Qualification of community development activities	• Depositor defense, consumer protection and fundamental rights (including privacy) • Solvency and liquidity • Good corporate governance and risk management (including non-financial) • Sustainability of the business model • Stability and transformation of the financial system • Respect for regulation • Protection of employment • Environment, climate change and sustainable finance	• Fiscal strategy and total tax contribution report • Community Reinvestment Act • Compliance system management
Society/ Communities	• Corporate citizenship programs & events • Community relations team • Diversity team • Materiality assessment • Partnerships with NGOs & CDFIs • Volunteer chapters • BBVA Foundation • BBVA Momentum • Financial education summit • External reputation survey • Community Advisory Board Meeting • Needs Assessment Survey	• Financial education • Diversity • Opportunities for entrepreneurs/ small business • Financial solutions & opportunities • Community development grants • Society's perception towards BBVA	• Protection of consumers and their fundamental rights • Financial inclusion: access to finance • Financial education • Environment and climate change • Financial health • Creation of employment	• Commitment to the environment in line with the recommendations of the Task Force on Financial Disclosures (TCFD) • Define and implement a strategy of climate change and sustainable development for achieving the United Nations Sustainable Development Goals • Take part in initiatives to promote responsible practices • Promote the development of society focused on entrepreneurship and financial education and knowledge • Participate in initiatives and collaborate with regulators and other organizations to promote and disseminate responsible practices
Suppliers	• Supplier engagement via email registration request • Supplier enablement in eProcurement system • Responsible procurement policy	• Third party risk management • Electronic RFX • Procurement partners announced & implemented • Service level agreements	• Procurement partner planning assistance • Service level agreements	• Respect human and labor rights in the supply chain, and stimulating demand in socially responsible products and services

Governance

Leading the Way to Brighter Opportunities

Our executives are committed to helping our customers achieve financial success. That’s why transparency and accountability are at the heart of everything we do. Our team of leaders are shaping BBVA and creating new opportunities in banking.

Organizational Structure

The Board of Directors, both executive and non-executive, oversees BBVA USA Bancshares, Inc. In 2018, J. Terry Strange served as the non-executive Chairman of the Board. Onur Genç served as both a Board Member and Chief Executive Officer of BBVA USA Bancshares, Inc. On December 20, 2018, BBVA announced that Francisco Javier Rodríguez Soler would succeed Mr. Genç as President & CEO, because Mr. Genç had been elevated to CEO of the BBVA Group.

Seven of the 11 directors in 2018 were outside, independent directors. The bank defines an outside director as someone who is not, and within the preceding fiscal year has not been, an officer or employee of BBVA USA Bancshares or any affiliate of BBVA USA Bancshares. A director is not considered to be independent if he or she does not meet several criteria including, among others, that he/she has been, within the past three years, an employee of BBVA USA Bancshares or any of its affiliates or an immediate family member is, or has been within the past three years, an executive officer of BBVA USA Bancshares or any of its affiliates.

Detailed information about BBVA USA Bancshares, Inc.’s Board of Directors and the bank’s corporate governance structure can be found by visiting: bbva.investorroom.com/company-officers/. Committees and members can be found at: bbva.investorroom.com/board-committees.

Board of Directors

J. Terry Strange (Chairman)
 William C. Helms (Vice Chairman)
 Juan Asúa (Added to the board June 13, 2019)
 Eduardo Aguirre, Jr.*
 Shelaghmichael Brown*
 Fernando Gutiérrez Junquera (Resigned from the board February 15, 2019)

Charles E. McMahan*
 Jorge Sáenz-Azcúnaga
 Guillermo F. Treviño*
 Lee Quincy Vardaman*
 Mario Max Yzaguirre*
 Onur Genç
 Francisco Javier Rodríguez Soler (Added to the board January 24, 2019)

* Outside, independent Directors.

BBVA USA’s New CEO

Named BBVA USA President & CEO in December 2018, Francisco Javier Rodríguez Soler brings a broad range of executive banking experience to the role. His knowledge of banking both in the U.S. and globally, will help BBVA stay on the path of profitable growth and continued digital transformation.

Most recently BBVA Group’s global head of Strategy and M&A, his corporate development functions included setting strategy at both the group and country level. His area of

responsibility also included the Real Estate and Equity Holdings units. Rodríguez Soler joined the bank in 2008 as a managing director for Corporate & Investment Banking.

“I couldn’t be more excited to be part of the U.S. team and work with them to advance the bank’s strategic objectives in the country,” Rodríguez Soler said. “I am looking forward to building on the work Onur has done over the past two years in order to continue the strong momentum now and into the future.”

BBVA USA Management Team



As of December 31, 2018

Internal Control Model

Based on best operational risk management practices, BBVA Group has established and maintained an internal control model organized around two components: 1) three lines of defense (3LoD), and 2) a governance scheme called Corporate Assurance.

BBVA’s compliance systems are aligned with the most advanced internal control standards. They are organized as follows:

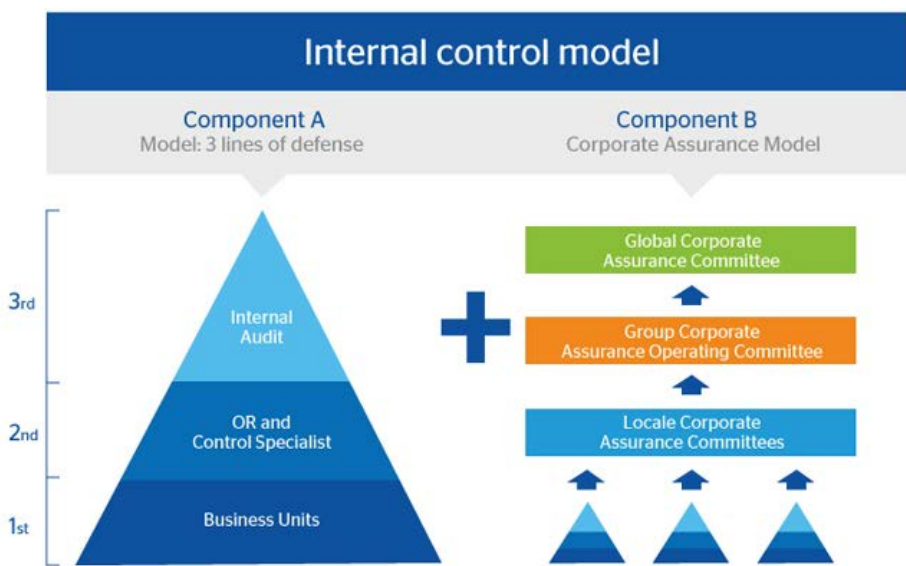
The Group’s areas and/or business units constitute the first line of defense. They are responsible for managing current risks, identifying emerging risks, implementing control procedures and recording risks, controls and associated test plans in the system of record.

The second line of defense consists of the areas/units specializing in control, the main ones being Compliance, Finance (specifically, Internal Financial Control), and Global Risk Management (including, Internal Control and Operational Risk and Third Party Risk Management).

This line helps identify current and emerging risks, defines the control policies within the scope of its cross-sector aspects, ensures that they are implemented correctly, and provides training and advice to the first line. In addition, one of its main functions is to provide effective challenge of the risk and control activity carried out by the first line of defense.

The control activity of the first and second lines of defense is coordinated globally by the Global Internal Control Unit within the Global Risk Management area, which is also responsible for providing these areas/units with a common internal control methodology.

The third line of defense is made up of the Internal Audit department, for which the Group assumes the guidelines of the Basel Committee on Banking Supervision and of the Institute of Internal Auditors. Its function is designed to provide independent and objective assurance and consulting activity intended to add value and improve the organization’s operations.



The second component is the Corporate Assurance program, which has the role of providing a comprehensive and standardized approach to the Board of Directors and the management bodies on the Group’s internal control process. This provides timely information on the main control weaknesses that may arise in the different assurance processes and makes it possible to prioritize their solution and monitor the implementation of measures for mitigating them more effectively.

To ensure correct operation, the program includes an orderly mechanism for reporting to management. The mechanism is made up of a number of committees at the local and global level in which members of the senior management of the Group and its subsidiaries take part. The committees seek to discover and make decisions on control issues that may have a significant impact on the objectives of the different areas/units, both at the local level and for the consolidated Group.

Compliance System

BBVA USA is committed to interacting with our customers – and all of our stakeholders – fairly and ethically. Our compliance system, which includes strict codes of ethical conduct, is built on the foundation established by BBVA Group.

BBVA's Compliance Unit is responsible for developing and implementing policies and procedures; communication and training; and the identification, assessment and mitigation of potential compliance risks. These activities are guided by the principles set forth by the Bank for International Settlements (BIS) as well as any relevant regulations.

The Compliance Unit is focused on:

- Prevention of money laundering and terrorist financing
- Conduct with customers
- Conduct on securities markets
- Conflicts of interest
- Prevention of corruption and bribery

BBVA Group's global compliance model includes ongoing assessment of risks and management practices. The model evolves over time as risks and industry change.

This management approach is built on the following:

- A suitable organizational structure with a clear assignment of roles and responsibilities throughout.
- Policies and procedures that clearly define positions and requirements to be applied.
- Mitigation processes and controls applied to enforce these policies and procedures.
- A technology infrastructure focused on monitoring and designed to support the above objective.
- Communication, training systems and policies implemented to raise employee awareness of the applicable requirements.
- Metrics and indicators that allow the supervision of the global model implementation.
- Independent periodic review of effective model implementation.

Compliance Training

BBVA USA employees are required to take compliance training based on their job function. Training programs include Foreign Corrupt Practices Act (FCPA) training, "Know the Code" training, and Bank Secrecy Act and Anti Money Laundering training. The Board of Directors received in-person FCPA/Anti-Corruption training in the September 2018 Board meeting.



4,806 employees trained in Foreign Corrupt Practices Act.



10,446 employees trained in Know the Code.



9,508 employees trained in Bank Secrecy Act and Anti-Money Laundering.



Know the Code

Standards of Conduct

A key component in BBVA’s compliance program is the Code of Conduct, which is available on BBVA’s investor relations website (bbvausa.investorroom.com). BBVA employees adhere to two Codes of Conduct: the BBVA USA Code of Conduct and the BBVA Group Code of Conduct. Both Codes define the fundamentals of ethical conduct and the operating guidelines for preserving the bank’s integrity, one of the principal sources of value creation for the organization.

The BBVA Group Code of Conduct is applicable to all entities and employees. Both the BBVA USA and the BBVA Group Codes of Conduct reflect the pledge made by BBVA to our stakeholder groups including the communities where we operate.

All active BBVA employees are required to complete robust Code of Conduct training annually, and to acknowledge that they have read, understand, and agree to follow the Codes of Conduct.

The Codes of Conduct and applicable training also stress the importance of reporting suspected misconduct/

unethical behavior via one of the established anonymous or internal reporting channels. In addition to the BBVA USA and BBVA Group Codes of Conduct, we have the following important policies, guidelines and governing bodies in place to support ethical conduct and controls:

- **Corporate Integrity Management Committee**
- **Capital Markets Code of Conduct for BBVA in the U.S.**
- **BBVA Group Policy on Conduct in the Securities Markets**

Procurement Policy

BBVA USA’s procurement model is aligned to industry best practices and follows the structure developed by the BBVA Group. BBVA manages the supply chain by building and managing an external supplier network that supports cost effective responsible bank operations.

“Over the past years, BBVA has continued to demonstrate our strong commitment to responsible banking across our footprint.”

— J. Reymundo Ocañas, EVP, Director of Communications and Responsible Business

Responsible Banking

BBVA USA is aligned to the Group’s responsible banking model that builds business success based on strict legal compliance, best practices and long-term value for all stakeholders. This model is outlined in the Corporate Social Responsibility Policy.

The objective of this policy is to incorporate concerns related to social, environmental and ethical issues, human rights, and the general concerns of BBVA stakeholders into our daily business practices.

This policy is the basis of a business model that we call “Responsible Banking.” We aim to achieve profitability based on principles, a strict conformance with the law, and by creating valuable, long-term relationships with our stakeholders.

This policy is core to all business units and support areas’ operating models. The Responsible Business unit coordinates the policy’s implementation and acts as a second line of support for the business areas, challenging their daily business practices.

The policy was updated over the course of 2017 and approved in February 2018, reinforcing BBVA’s commitment to combat climate change and promote sustainable finance, and aligning to new imperatives in these areas.

Both the Board of Directors and the Management Committee oversee the policy’s implementation.

OUR FOUR PILLARS OF RESPONSIBLE BANKING

Balanced relationships
with our customers
based on transparency,
clarity & responsibility

New standard in
customer experience



Drive digital
sales



Sustainable finance
to fight against climate
change & attain
the UN Sustainable
Development Goals

New business
models



New standard in
customer experience



Optimal capital
allocation



Responsible practices
with employees,
suppliers and other
stakeholders

Optimal capital
allocation



Unlimited
efficiency



A first class
workforce



Community investment
to promote social
change and create
opportunities for all

New standard in
customer experience



► The Customer

Customer Experience

Customers are at the center of BBVA’s work every day. BBVA USA listens intently to our customers. We systematically review feedback, complaints and concerns to learn how to improve customers’ experiences. Online and banking enhancements made in 2018 reflect what we learned by listening.



A study by Greenwich Associates found that the Net Promoter Score (NPS) for our commercial business increased by an impressive 11 points in one year. **The bank had a 70 percent ‘strongly agree’ score in the ease of doing business category, with customer surveys that highlight**

prompt follow-up time and high knowledge of products and services.

Client satisfaction improved because we continue to focus on understanding and responding to customer needs with innovative solutions.

BBVA was able to surprise and delight our customers throughout 2018. We hosted two customer appreciation days at our retail branches — one in the spring and one in the fall. On these days, we offered a one-day promotional rate for our Certificates of Deposit (CD) products and handed out branded giveaway items. Thousands of customers across our branches took advantage of the promotional CD rates.

Various lines of business across BBVA celebrated clients with coffee, charitable donations, financial planning and “Thank You” postcards.

“This year’s NPS results are a testament to the job our Commercial team has done to elevate the client experience.” — Rafael Bustillo, Chief Operating Officer, BBVA USA



Park & Grant Team in Tucson celebrating customers.



The Grove at 150 branch in Hoover, Alabama.

We also made a concerted effort to streamline processes to make sure that doing business with BBVA is a positive experience for our customers and these efforts are making a difference.

TCR Communications

BBVA’s goal is to ensure that all communications with customers are transparent, clear and responsible.

T is for transparent: we provide customers with all relevant information — on both benefits and costs — about our products in a timely manner.

C is for clear: we use language and images that are straightforward and easy to understand.

R is for responsible: we look after our customer’s short-, medium-, and long-term interests.

We incorporate TCR throughout our communications to help customers make informed decisions. By looking out for our customers’ interests, we build trust and improve customer relationships. This also means BBVA attracts new customers based on recommendations.

In 2018, BBVA updated fee descriptions, transaction details for both online and mobile transactions, the mortgage welcome letter, and the

Express Personal Loan description among others. BBVA also provided employee training across the organization to support the cultural shift to TCR principals.

Complaint & Claims Management

It is never more important to take great care of our customers than when they are experiencing a problem. With that in mind, BBVA is committed to addressing any customer complaints quickly and efficiently. BBVA defines complaints as any communication that expresses dissatisfaction with a bank product, policy or service, or expresses overall negative sentiment about any type of interaction with the bank.

At BBVA USA, complaints are categorized as either official or non-official. Official complaints are those that come in through a regulatory agency such as the Federal Reserve Board, Federal Reserve Banks, Consumer Financial Protection Bureau, State Banking Agencies, Congress, or State Attorneys General. Non-official complaints are those that come into the bank directly.

Non-official complaints are handled by the line of business that receives each complaint. BBVA uses a complaint management tool called Service Requests and Complaints to track complaints by category.

Official complaints are managed by the Complaint Management unit of the Customer Compliance

Department, which produces written responses to those complaints.

In 2018, the bank added new categories within the reporting tool to better identify trends. BBVA also formalized procedures for the team managing Official Complaint responses to ensure accurate and consistent responses.

Compliance Opportunities

In 2018, Celie Niehaus was named Chief Compliance Officer and member of the bank’s management committee; “There were many things that drew me to BBVA, but the mission to bring the age of opportunity to everyone truly resonates with me. I believe that everything we do within the Compliance function impacts a customer’s experience. Maybe not directly, the way that our front line people’s work does, but we are a part of it all. I want to help all of our Compliance Team Members recognize that they create opportunities and one of those opportunities is to create an amazing customer experience.

Collaborating with the Business, Legal, Engineering, and other groups to ensure that our products and services are easy to understand, operate exactly the way we say they will, and if there is a problem, we can address it quickly, efficiently and completely for the customer. That sounds simple, but it means that we have to make sure that the front line, call center, back office, systems, processes, etc., all work well together. And the ‘we’ is not just Compliance — it’s all three lines of defense working together to create an amazing customer experience. One Team!” — Celie Niehaus, Chief Compliance Officer, BBVA USA



A Branch Retail Executive works with a client at the Phoenix Biltmore Branch.

Customer Protection

As a customer-centric organization, BBVA protects our customers. We look out for their privacy, time and financial health. We keep customer data protected and secure. We use data only for agreed purposes and we always comply with the law. This is a material topic for the bank. It is how we maintain the trust of our stakeholders.

BBVA’s commitment to protect our customers’ data is reflected in investments in our Information Security Program and its continual improvement. The bank established a robust collection of policies, management tools, processes and procedures designed to detect and prevent corruption.

Three core responsibilities drive BBVA USA’s commitment to customer privacy:

- **Confidentiality** – We have designed our program to prevent the unauthorized disclosure of data to protect customer confidentiality.
- **Integrity** – Customers’ data should not change without authorization. The Information Security program is designed to maintain the integrity of the data and to prevent any unauthorized changes, modifications or corruption.
- **Availability** – Customers’ information should be available to them at all times. Our program puts policies and standards in place to ensure redundancy and the availability for our critical systems.

► The Team



Attendees listen to Çağrı Süzer, Head of Retail Banking for BBVA USA, at the Mid-Year Retail Summit in August 2018 at The Woodlands Resort and Conference Center in Woodlands, TX.

“I’m so proud to work on behalf of BBVA USA's more than 10,000 employees, serving them and making a meaningful difference in their lives.” — Rosilyn Houston, Chief Talent and Culture Executive, BBVA USA

Opportunity Starts Here

BBVA's purpose — to bring the age of opportunity to everyone — begins with our employees. We provide a positive and rewarding experience throughout our employees' careers with the bank. Anyone can visit the career site for BBVA at careers.bbva.com to view jobs throughout our global footprint and to find positions that meet their specific interests.

Beginning with our recruiting team, BBVA creates opportunities as we identify, attract and hire the best candidates. To ensure that employees have a positive experience from day one, we rolled out a new agile onboarding process that sets up our people and our business for success.

Once on board, employees have control of their own professional growth based on the BBVA People Management Model. This model includes People Assessment, Role Assessment, Learning and Development. Each of these components works together to offer opportunities to continually grow, develop and learn.

One of the important ways that we support employee development is by filling vacancies with internal talent. In 2018, with the implementation of our new Internal Mobility Policy, as well as People and Role Assessment, our recruiting teams have full visibility into the talents and technical skills of our employees. As a result, employees have the opportunity to match their skills and development goals to opportunities across the bank. In 2018, 43.8 percent of jobs were filled by internal talent.



10,624 employees

43.8% of jobs filled by internal candidates



In 2018, BBVA employees completed 678,695 training hours. 86% of all training via e-learning/virtual delivery channels.

Professional Development

BBVA employees across the organization have a wide array of opportunities to learn new skills and expand their career options. To help inform this process and identify strengths and career opportunities, employees participate in a systematic 360 degree assessment of cultural, leadership and cross-functional skills. In 2018, 92 percent of BBVA USA managers completed assessments.

These assessments help employees and their managers identify training and development that match their career goals. Many of the training and development opportunities are available on Campus BBVA, an online educational resource available to all employees.

Campus BBVA gives employees access to Harvard ManageMentor (HMM), which offers online courses covering a wide array of topics, from engineering and finance to presentation skills and project

management. In 2018, BBVA USA employees completed a total of 5,050 courses, totaling 12,625 hours of training. Among people managers and employees, Retaining Employees was the most popular HMM course, with 382 individual completions in 2018.

Training at BBVA also includes traditional classrooms and role-specific modules that ensure all employees have the knowledge required to do their jobs and to support the bank's transformation.

In 2018, BBVA USA employees completed 678,695 training hours. We completed 86 percent of all training activities via e-learning/virtual delivery channels, with the remaining 14 percent completed in traditional classrooms.

BBVA's Tech University Program gives team members the knowledge and skills to support BBVA's technological transformation. Given the bank's increasing focus on data management and protection, BBVA launched Data University in 2018.

Data University helps develop the skills and capabilities of the Data Analytics Teams.

Additional learning and development programs for BBVA USA employees include:

- **Role Certification & Development** for Financial Sales Advisors (FSA) and Sales and Service Advisors (SSA), to evaluate proficiency, identify areas for development and readiness for advancement. In 2018, nearly 76 percent of those eligible, or 502 employees, successfully completed online role certification.
- **Commercial Relationship Manager Development Program** helps prepare employees for a Relationship Manager role. The training classes included a mix of credit, portfolio management, sales, product knowledge and job shadowing. A total of 14 team members participated in 2018.

- **LEAP (learning, evaluation, application, and placement) and LEAP Tech Programs** for recent college graduates allows candidates to learn about different aspects of the business through rotating assignments across several departments. LEAP Tech was added in 2018, the ninth year of the traditional program.
- **Internship Program** for college students is a 10-week program for interns in Birmingham, Houston and Dallas. In 2018, 21 students from across the country joined BBVA for a rigorous summer learning opportunity.
- **Continuous Learning Requirement** for people managers provides extensive and ongoing training to support employees who are managing people or teams. All people managers are required to complete a minimum of 12 hours of developmental training each year. In 2018, 2,301 people managers completed a total of 37,157 hours of learning.

Diversity & Inclusion

Workforce diversity is a core component of the BBVA culture. We believe it is critical to our ability to attract and retain the most talented workforce. We are building teams that include people with a variety of backgrounds and approaches to problem solving and decision making in order to achieve better outcomes.

BBVA's hiring practices and recruitment efforts reflect our inclusive approach. A recruiter at BBVA USA is dedicated to focusing on reaching diverse communities including people with disabilities, veterans and those that identify as LGBT (Lesbian, Gay, Bisexual and Transgender).

The bank’s Workplace Diversity and Inclusion Council is a voluntary group dedicated to promoting diversity and inclusion. In 2017, BBVA launched its first Business Resource Group, Women in Leadership in Houston, TX and in 2018 expanded the group to Birmingham, AL.

BBVA’s dedication to diversity earned a noteworthy recognition in the 2018 DiversityInc Top 50 Companies for Diversity. The bank also received the highest possible score (100%) in the 2018 Corporate Equality Index, an index that assesses corporate practices and policies for LGBT employees.

As a result of the company’s commitment to diversity in 2018, BBVA is now included in the Bloomberg Gender Equality Index, a ranking that includes the 100 best global companies in gender diversity, and in the Equileap Global Report on Gender Equality, which selects the 200 best global companies in terms of gender equality.

BBVA embraces Equal Employment Opportunity. BBVA USA has a firm and unwavering policy to provide equal employment opportunity without regard to age, citizenship, color, disability, ethnic origin, gender, gender identity and expression, marital status, nationality, national origin, race, religion, sexual orientation, genetic predisposition, protected veteran status, or any other status or other classification protected by federal, state or local law.

This policy includes all job groups, classifications and organizational units. BBVA, from time to time and in the ordinary course of its business, may receive claims, including litigation, alleging violations of employment laws. As of December 31, 2018, BBVA USA was not involved in any regulatory actions related to alleged employment discrimination and working conditions that were material to our financial position. Furthermore, BBVA has a firm

commitment to equal employment opportunity and nondiscrimination, as evidenced by widely disseminated policies prohibiting discrimination in all aspects of the employment relationship. Employees have

numerous avenues to raise complaints, including through management, the Office of General Counsel and Corporate Talent & Culture or by anonymous reporting through telephone hotlines.

DIVERSITY & INCLUSION PILLARS		
Community	Suppliers	Workplace
- Support social issues to represent the voices of diverse populations - Invest volunteer hours and funding to serve minority organizations and communities - Partner with national and grassroots organizations	- Increase the contracting opportunities for Minority and Women-Owned Businesses (MBWEs) - Commit to building new relationships with national and regional supplier organizations that certify MWBEs - Help diverse businesses thrive - Ensure responsible procurement practices are taking place	- Develop a culture that values diversity and demonstrates inclusion - Leverage workplace diversity and inclusion as an integral element to enhance our workplace and workforce - Embrace opportunities for inclusion that will support, sustain and advance our organization’s strategic plan



“We strive to deliver benefit programs to our team members that help advance our organization’s purpose, values and culture. We have the opportunity to bring meaning and impact to the employee experience, demonstrate that we value them as individuals, and ultimately help put them in a position to achieve their personal and professional goals.” — Troy Farnlacher, Director, Benefits, BBVA USA

Compensation & Benefits

BBVA USA is committed to providing a variety of benefit programs designed to meet employees’ needs, including the award winning Wellthy for Life wellness program to support physical, mental, and financial health and overall well-being. Benefit plans and programs cover full- and part-time employees.

They include life and disability insurance, retirement plans, health insurance, health spending and savings plans, mental health benefits, dental and vision insurance, pet insurance and identity theft protection, as well as vacation and paid time-off programs, discounts on banking services, tuition assistance and scholarship programs for employees’ dependent children.

BBVA USA supports and incentivizes employees’ healthy choices. Employees who participate in a variety of medical, social, physical and financial activities have the opportunity to earn Wellthy Points that lead to financial contributions

to a Health Savings Account (HSA) or Health Reimbursement Account (HRA). As of Dec. 31, 2018, a total of \$4 million dollars had been funded through Wellthy Points.

In addition to Wellthy Points, in 2018, employees were able to earn money in their paychecks — up to \$200 each quarter — for maintaining a healthy lifestyle and tracking their healthy habits and physical activity. Employees are not required to be enrolled in our company health plan to participate.

In 2018, BBVA USA added Rethink, an award-winning program to its Employee Assistance Plan (EAP) benefit. Rethink provides support to parents raising children with learning and behavioral challenges, or developmental disabilities.

Other employee benefits include:

- **Paid time off**
 - Vacation (including a carryover of 5 days)
 - Community Service
 - Sick Leave
 - Pregnancy and Family Leave

- Marriage Time Off
- Service Anniversary Time Off (beginning with the 15th year, employees receive one day of paid time off during the year of each 5 year anniversary)

- **Short-Term Disability Benefits and Long-Term Disability Insurance**
- **Retirement benefits**
 - The Defined Benefit Plan was frozen in 2002 to new participants and at the end of 2017, Plan benefits were also frozen. The Plan’s liabilities as of the end of December 31, 2018

were \$334 million. The Plan has a 98 percent funded status under both US GAAP and IAS basis. Due to the Plan’s frozen benefit status, no additional employer contributions were made in 2018.

The BBVA SmartInvestor 401(k) plan is a voluntary Retirement Program. Ninety percent of active employees have a balance in the Plan. Seventy percent of active employees are currently deferring a portion of their salary into their account each pay period.



From left: BBVA employees Charles Berend, Ana Castald, Eva Maveil, Anne Phan, Dana Lamar Hogan, and David Sakr relax in the cafeteria at BBVA Plaza in Houston.

Volunteerism & Social Engagement

The BBVA Volunteers Program is designed to encourage all bank employees to make an impact in their communities. Our employees lend support through their volunteer efforts to help enrich the quality of life and create opportunities for our communities.

BBVA USA employees receive 16 hours of paid time off each year to use towards volunteer activities. Many employees invite their friends and families to join in volunteering. Participation and volunteer time can be recorded via the bank's tracking platform, Volunteer Connection.

To kick off the BBVA Volunteers Program goals in 2018, the bank held its annual Volunteer Summit. In its fifth year, the summit had a record attendance of more than 150 bank employees in Houston, TX. Employees at the summit participated in on-site training, interactive activities and networking.

The bank's Volunteer Chapter of the Year was also recognized for its volunteering efforts at this event.

BBVA participated in BBVA Volunteers Week, a first time global initiative in 2018. More than seven thousand employees across 15 countries volunteered in their communities during one week in September. Nearly 2,000 BBVA USA volunteers participated in 181 activities during that week, giving 6,914 hours to our communities. Volunteer activities focused on meal and food services, environment beautification projects, habitat rebuilding and financial education workshops.



BBVA employees participate in Global Week of Service, Sept 24-28 by volunteering in the Greater Houston community. BBVA employees took advantage of volunteer opportunities at the Houston Food Bank and cleaned up Urban Gardens.

2018 FIGURES



114,281 total volunteer hours (110,499 employee hours and 3,742 friends and family hours)



5,085 total volunteers including friends and family (4,151 employee volunteers and 934 friends and family volunteers)



\$972.980 in total donations from BBVA USA employees



1,838 impacted charities

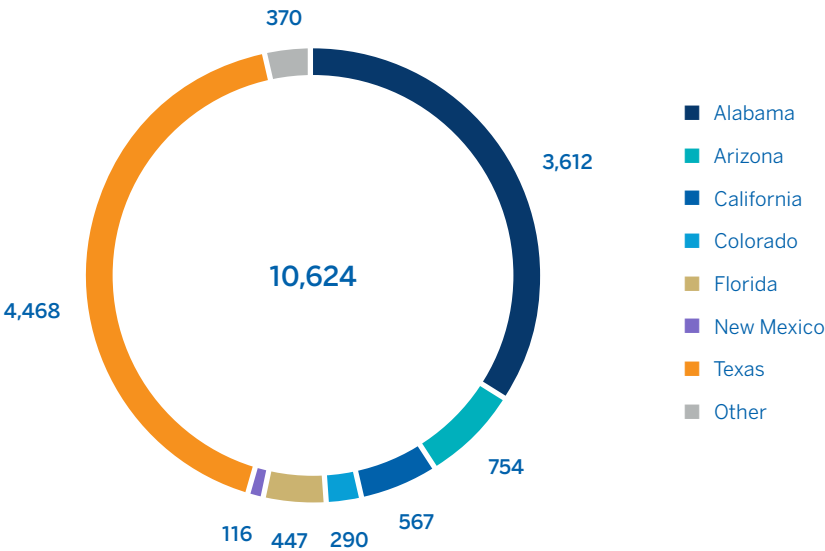
BBVA Compassion

The BBVA Compassion Team Support Fund launched in 2018. BBVA Compassion is administered through the BBVA USA Charity Program and allows employees to make tax-deductible donations to a fund used to help other team members who find themselves in need of financial relief due to a catastrophic event or personal hardship.

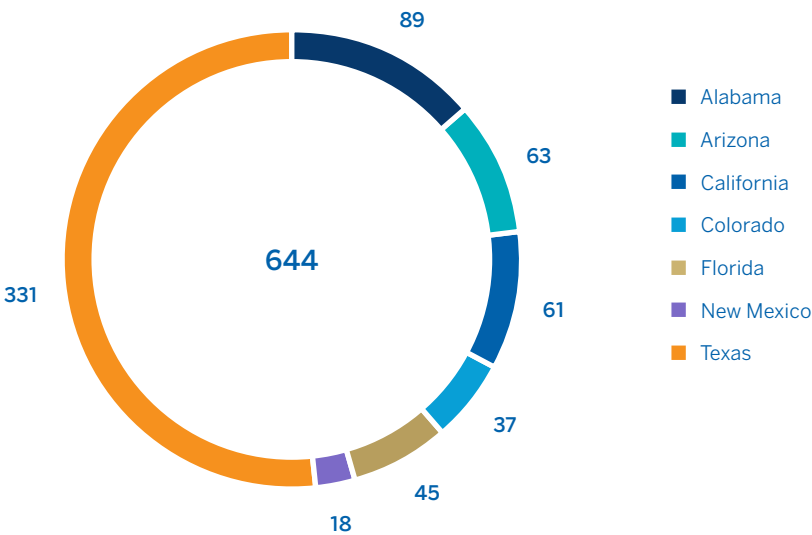
A total of \$101,779 were granted to employees who submitted applications to BBVA Compassion and were approved by the BBVA Compassion Council.

Workforce Data

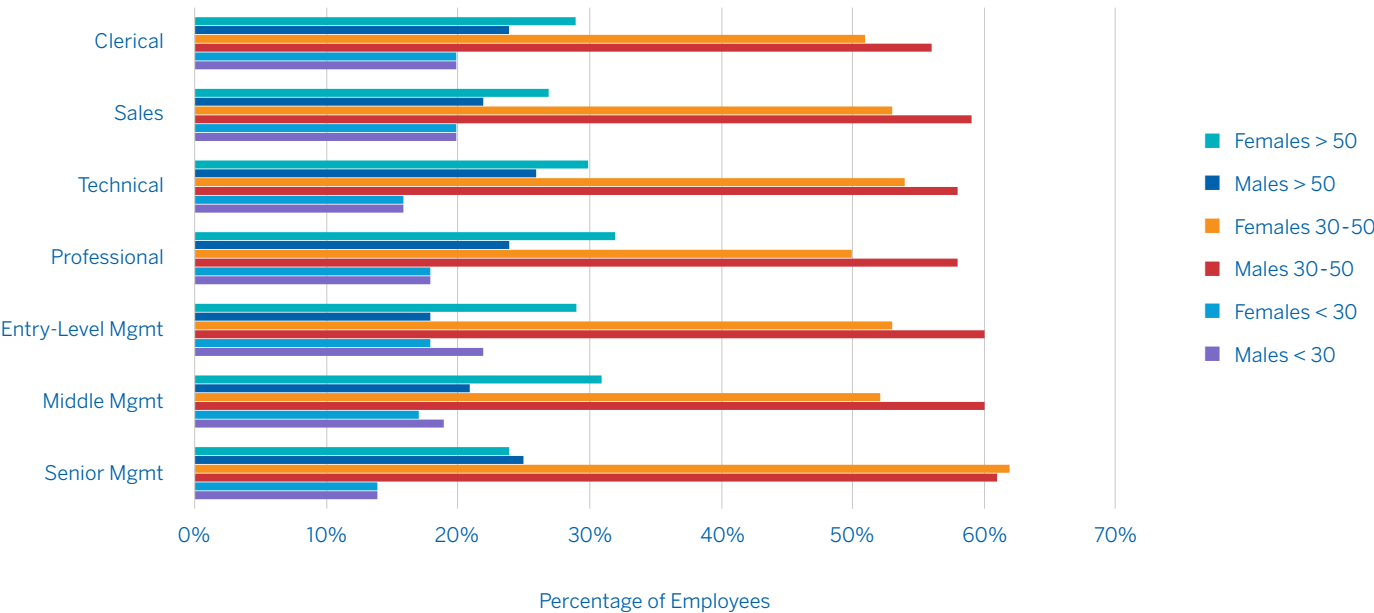
Total Employees by State



Total Branches by State

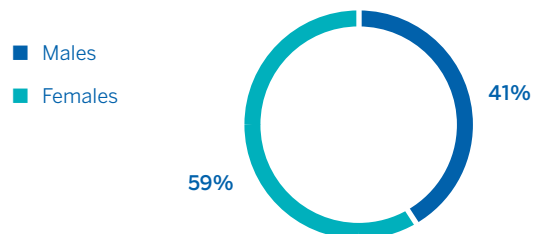


Workforce by Employee Category and Age Group

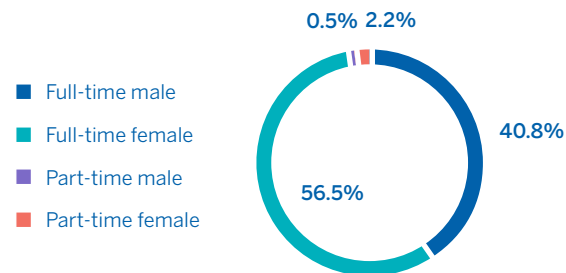


Workforce Data

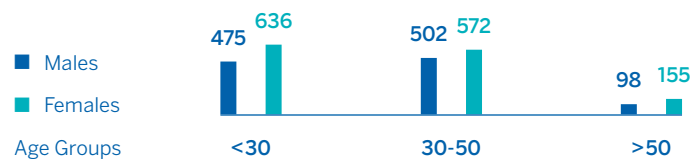
Workforce by Gender



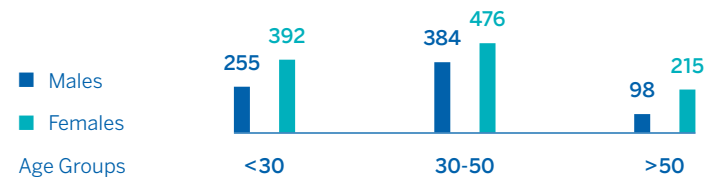
Workforce by Employment Type



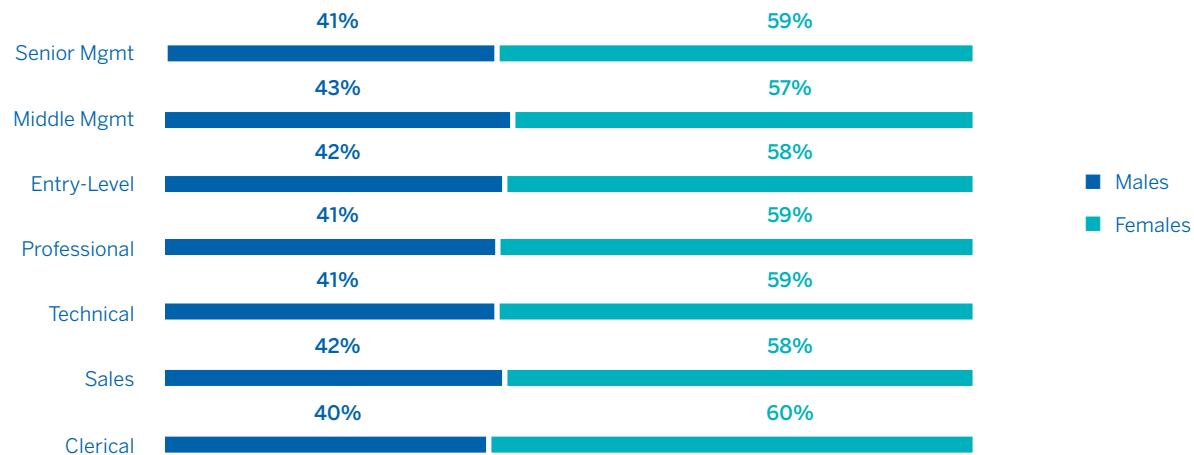
New Employee Hires by Age Group



Voluntary Turnover by Age Group



Workforce by Employee Category



► Sustainable Finance

Management of Environmental & Social Impacts

In February 2018, BBVA Group unveiled the bank’s climate change and sustainable development strategy, or ‘Pledge 2025’. This pledge is the bank’s strategy to address climate change and support sustainable development. Its focus on green finance, sustainable infrastructure, social entrepreneurship and financial inclusion are aligned with the United Nations Sustainable Development Goals and is in line with the Paris Agreement on Climate Change.

Pledge 2025 also includes specific sector norms, which address sustainability, in particular environmental and social impact. The ‘sector norms’ provide clear guidance and procedures for our interactions with customers and

transactions in mining, energy, infrastructure and agribusiness sectors.

In defining these norms, BBVA consulted multiple stakeholder groups, including ShareAction, a leading non-profit that promotes responsible investment practices in environmental, social and corporate governance issues. The norms also reflect our Commitment to Human Rights, initially made in 2008 and updated more recently.

As a global enterprise with operations in dozens of countries, we are signers of the United Nations’ Principles on Business and Human Rights, and Sustainable Development Goals and, since 2004, an adoptee of the Equator Principles. The bank is also involved in a number of sector initiatives, such as our membership in the Thun Group on Human Rights.

The sector norms will be reviewed periodically and updated each year.



Pledge 2025

BBVA’s global strategy on climate change and sustainable development

Our purpose: to bring the age of opportunity to everyone

To Finance

We will help to create the **scale of capital mobilization** to halt global climate change & attain the UN Sustainable Development Goals.

- **€100 billion mobilized**

- Green finance
- Sustainable infrastructure & agribusiness
- Financial inclusion & entrepreneurship

To Manage

We will manage our environmental & social risks to **minimize potential negative direct & indirect impacts**.

- **70% renewable energy**
- **68% GHG emissions reductions**

- Transparency in carbon-related exposure
- Alignment with 2°C scenario
- Sector norms in mining, energy, agribusiness & infrastructure

To Engage

We will engage with all our stakeholders **to collectively promote the contribution** of financial industry to sustainable development.

- **Active collaboration**

- Taskforce on Climate Related Financial Disclosure recommendations implement action on 2020
- Financial education
- Promotion of Responsible Banking standards within the industry

Sustainable Financing



\$1.1 billion in CRA reportable small business loans



\$718 million supports affordable housing in design

BBVA USA is four years into a five-year commitment to invest \$11 billion in lending, investments and services supporting low- to moderate-income (LMI) individuals and communities in the bank's footprint.

BBVA USA works hard to understand the specific needs of the communities where we work to deliver products and services that are responsive to those needs as well as consistent with safe and sound banking practices.

As of 2018, the bank is close to exceeding the Five Year Commitment it established. BBVA USA achieved 97% of its commitment through:

- Community development loans
- Mortgage and small business loans
- Community development investments
- Grants & contributions
- Down-payment / closing costs assistance

For additional details, see chart on p. 33.

The Community Reinvestment Act (CRA) Program

BBVA USA challenges itself to design products and services that achieve excellence especially for low- to moderate-income individuals and communities.

Our recent CRA performance evaluation of outstanding, covering the evaluation period from April 1, 2015 to December 31, 2017 and announced in April 2018, demonstrates that we are succeeding.

- BBVA USA is a leader in making community development loans, particularly those that finance affordable housing development through the Low Income Housing Tax Credit Program and SBA 504 program lending. Community development lending also met critical community development needs including:
 - community services targeted to low- to moderate-income individuals including health



\$69.1 million to help increase CDFI lending capacity



5,961 service hours to small business education

care, education, and social services;

- promotion of economic development by financing small businesses that resulted in permanent job creation, retention, or improvement, often through SBA lending;
- construction and permanent funding of affordable housing;
- and revitalization or stabilization of low- to moderate-income geographies, including Federal Emergency Management Agency (FEMA) designated disaster areas.
- The bank made significant investments that demonstrated responsiveness to community development needs and often acted in a leadership position. BBVA USA is a national leader in providing support for Community Development Financial Institutions (CDFIs). CDFIs are mission-driven lenders that finance affordable housing, small businesses and community facilities. The bank
- BBVA USA supports community development services throughout its footprint. The bank also demonstrated that small business development was a priority, committing 5,961 service hours to small business education during the evaluation period. The bank showed its willingness to take on leadership roles in many of the organizations in its footprint by committing approximately 24 percent of total community development service hours to board or committee service.

also provided a grant to the national CDFI trade association to develop an innovative leadership program to train a diverse cohort of CDFI leaders to champion transformational change and address inequities in access to capital.

At the end of 2018, BBVA USA is on track to meet or exceed all goals identified in the 5-year Community Commitment.

Community Commitment Category	2019 Goal (in billions)	2018 (in billions)	Percent of 5-Year Goal	100%	
Home Loans	\$2.0	\$2.1			105%
Small Business Loans	\$6.2	\$4.8			79%
CD Loans	\$1.8	\$2.7			149%
New CD Investments & Grants	\$0.9	\$0.8			92%
Total	\$11.0	\$10.5			97%

Percentages are based on actual performance, versus rounded numbers.

Lending

BBVA USA works with a wide range of stakeholders to deliver capital, credit, financial education, and other solutions to low- to moderate-income (LMI) neighborhoods with limited access to traditional financial services. Our primary lending avenues supporting CRA performance are mortgage lending, small business lending and community development lending.

Small Business

Small business lending continues to be a cornerstone of BBVA USA's commitment to help our communities thrive. In 2018, the bank extended more than 21,500 CRA reportable loans totaling more than \$1.17 billion. Our small business lending performance demonstrates service to small- and micro-enterprises. Over 72% percent of the bank's small business community commitment by dollar volume benefited small businesses seeking loans equal to / less than \$100,000.

BBVA USA is an active participant in the government guaranteed business lending programs offered through the U.S. Small Business Administration. These loans benefit small business borrowers that are not yet qualified for a traditional bank loan including the need for access to credit by very small businesses. BBVA is regularly recognized as one of the leading SBA small-business lenders. As of the SBA's most recent year end (9/30/2018), BBVA USA ranked as the 8th most active 7(a) lender in the nation based on total dollar volume.

BBVA USA serves small businesses comprehensively with a suite of training tools and activities for entrepreneurs in addition to its tailored products. Our employees focused on delivering small business financial education workshops, and BBVA executives held seats on non-profit boards that assist small business entrepreneurs.

Community Development Lending

BBVA continues to place an emphasis on innovation and leadership, resulting in high impact projects responsive to community needs for housing, jobs, healthcare and social services that benefit LMI people and neighborhoods.

During 2018, BBVA USA provided over 725.8 million in community development loans to support affordable housing for LMI persons, community services, economic development for small businesses, revitalization and stabilization in LMI areas. The bank surpassed its annual community development lending commitment by 196%.

Home Mortgage

BBVA USA's mortgage lending commitment to LMI borrowers and communities is a primary focus. We are committed to investing and helping more people achieve the homeownership dream as well as remain in their homes.

In 2018, the bank achieved over 90% of its annual commitment to ensure loans were made in LMI geographies and for LMI borrowers.

At BBVA USA, we believe smart mortgage lending helps build strong neighborhoods and communities. That's why we're committed to investing in communities and helping more people achieve the dream of homeownership through our Home Ownership Made Easier (HOME) mortgages. BBVA USA will contribute up to \$3500 towards down payment and closing costs. In addition to the HOME program, BBVA USA offers FHA, VA, HomeReady and USDA loans.

Community Development Investments

In the last four years, BBVA USA has invested \$718 million in affordable housing. Just one component, includes investments of \$531 million in Low Income Housing Tax Credits (LIHTCs) that provide almost 6,000 units of multifamily housing including units for homeless and special needs populations.

BBVA USA also makes significant investments in Community Development Financial Institutions (CDFIs). We work in close partnership with 22 CDFIs across our footprint to make investments and loans totaling \$69.1 million to increase CDFI lending capacity. We also provide support to the national CDFI trade association with a focus on supporting transformational change in the industry and address inequities.

Helping Small Businesses Navigate New Tax Laws

BBVA USA helped small business owners and entrepreneurs understand the impact of the 2018 tax law change on their businesses. The bank teamed up with Experian to offer a national webinar that provided access to expert advice and insight.

More than 450 attendees participated in the online workshop, which featured Barbara Weltman, a prolific author and trusted advocate for small businesses and entrepreneurs. Weltman has been named one of the 100 Small Business Influencers in the U.S. five years running, and publishes her Idea of the Day and Big Ideas for Small Businesses online.

Community Development Services

The BBVA Volunteers Program is strategically aligned to support the bank's community development investments. By working together toward a shared goal, the BBVA Foundation and the Volunteers

Program help to maximize the impact of employee volunteer hours.

In 2018, through various efforts, BBVA continued to focus on three areas: adult financial education, support for entrepreneurship and small business through education and training and homebuyer education.



John Lasswell, Community Relations Officer in Florida, supports a BBVA workshop attendee in navigating the Center for Financial Education materials.

“The other thing that I really like about this relationship that BBVA is willing to provide some services such as financial literacy lessons that help us move our residents to self-sufficiency.”

— Michael Lundy, President/CEO, Housing Authority of Birmingham District

► Community Investment

Community Investments

The Community Giving Program at BBVA USA makes social investments aimed at improving economic mobility for individuals, working families and entrepreneurs in LMI communities across our footprint.

Through a combination of corporate sponsorships, foundation grants and signature initiatives and programs, BBVA invested a total of \$9.8 million in community-based organizations in 2018. These investments supported mission-focused work aligned to creating opportunities.

The BBVA Foundation funds grants across six focus areas including Community Development, Education, Health and Human Services, Arts and Culture, Diversity and Inclusion, and Environment and Natural Resources. In addition to the standard grantmaking process, the Foundation activates resources in response to

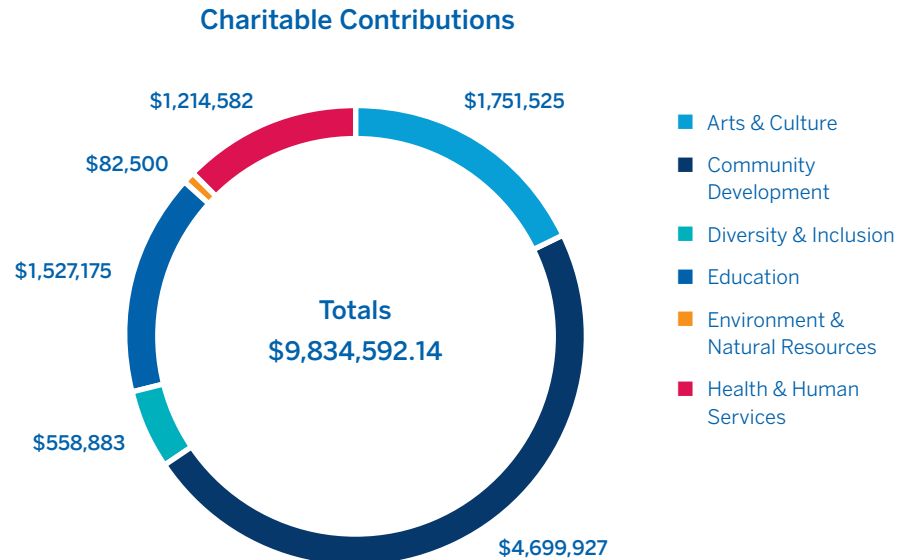
disasters with funding that supports local long-term recovery efforts while building resiliency.



\$9.8 million invested in 925 community-based organizations.



Onur Genç at the Museum of Fine Arts, Houston as it unveils the Glassell School of Art and BBVA Roof Garden.





Marcus Castro, CJ Glover & Gary Bishop teaching a workshop on "How Businesses Use Credit" at the Alabama Small Business Development Initiative in Birmingham.

Financial Education

BBVA USA partnered with EverFi to launch the new Center for Financial Education (CFE) platform in 2016. This suite of financial education courses is designed to help people access financial tools and make good financial decisions.

BBVA USA financial capabilities coaches teach financial education workshops using innovative, multi-platform curriculum that can be

offered in no-tech, low-tech and high-tech environments. We offer courses on adult personal finance education, homebuyer education, and small business financial education in both English and Spanish.

In 2018, BBVA USA facilitated financial capability workshops for more than 10,000 adults and children. To accelerate its financial education program for adults,



BBVA's financial education workshops reached more than 10,000 adults and children beneficiaries in 2018

BBVA USA launched The Center for Financial Education Community Partner Program, a four-month pilot with 29 community partners in 19 markets across BBVA USA's footprint. During the pilot, 220 financial education workshops were delivered, reaching over 2,900 low- to moderate-income adults.

The 29 CFE community partners received grants, training and support to facilitate financial education workshops. BBVA USA financial capabilities coaches supported these nonprofits with their expertise by teaching the CFE workshops, while also providing access to technology, educational workbooks, and resources needed to help deliver high quality financial education workshops.

BBVA USA's signature holiday initiative, **Project Blue Elf**, was restructured in 2018 to align with the Foundation's financial capabilities

programs. The sixth year of Project Blue Elf celebrated the achievements of individuals and families working towards personal financial milestones. BBVA's CFE Community Partner Program selected grantees to host Project Blue Elf community events across the footprint. A lucky participant/family was surprised at each of the eleven locations with a meaningful gift aligned to their individual goals. BBVA Volunteers were there to celebrate them alongside community partners.



Project Blue Elf Event at Salvation Army in Birmingham, Alabama.

"Financial Education is core to our purpose of bringing the age of opportunity to everyone. Through BBVA's Center for Financial Education, we empower our customers and communities to build the financial futures they envision for themselves and their families." — Tony Moraga, VP, Manager of Social Impact, BBVA USA

“To become the best at what you do, you must surround yourself with partners who are the best at what they do. BBVA certainly meets that criteria. We are proud to call them a partner.”
 — Michelle Corson, CEO, On the Road Lending, 2018 BBVA Momentum First Place Winner

BBVA Momentum

BBVA is committed to supporting entrepreneurs with the goal of changing lives. We focus on investing in entrepreneurs who may have access to fewer opportunities as well as those who are building businesses that create higher social value.

BBVA Momentum is a global program designed to support social entrepreneurs — those whose businesses aim to solve social problems. BBVA provides intensive online and in-person training, strategic mentorship and support from BBVA employees, and global networking opportunities. These efforts help participating companies scale up and make a positive impact on the lives of more people. The program culminates with a pitch event, where participants present their business growth plans to a panel of judges comprised of social impact investors, industry experts and bank executives. The panel selects the businesses they believe are the most viable to create long-term, meaningful

impact, and award cash prizes to the top 3 social enterprises.

In 2018, 16 social enterprises participated in BBVA Momentum in the USA from Alabama, Arizona, California, Colorado, Florida and Texas. Over the course of the program, 45 employees delivered 820 hours of one-on-one technical assistance. The program demonstrates that BBVA doesn’t simply talk about needs and challenges in our communities; it does something about them. By making these resources available to social entrepreneurs, BBVA USA has created opportunities to marry innovation with social impact that benefit communities.



2018 Momentum Winners

2018 Momentum Winners

Entrepreneur	Business Name	Mission	Prize
Michelle Corson	On the Road Lending 	Helps people with low- to moderate-incomes purchase reliable cars with affordable financing so they can get on the path to economic mobility.	1st Place \$75,000
Scott Bennett	Skratch 	A digital platform that helps connect teenagers to work opportunities and offers them financial literacy support.	2nd Place \$35,000
Helaine Blume	Pathlight Home 	Provides affordable housing and economic opportunities to change the lives of homeless and low-income adults.	3rd Place \$15,000

2017 Momentum Winner 'Cafe Momentum' Progress

BBVA Momentum winner from 2017, Cafe Momentum, continues to grow and serve the Dallas community thanks in part to the support provided through the program. Cafe Momentum is a non-profit restaurant that provides a 12-month paid postrelease internship program for kids coming out of juvenile detention.

The internship begins with a 13-week orientation when case managers are assigned to help address basic urgent needs, establish a baseline of stability in their lives and set personal goals. The interns work their way through all areas of the restaurant, learning legal employment, social skills and life skills. After 12 months, program graduates are placed in a job with one of our community partners.

Thanks to BBVA Momentum, Cafe Momentum has significantly increased profits from the catering business and expanded the number of interns to 43. They also have been able to reach their fundraising goal to support the opening of Cafe Momentum Community Services Center, which offers teens in the program a place to learn, study, receive therapy, meditation and many more resources.

For more information about Cafe Momentum please visit <http://cafemomentum.org/>.



Chad & Malik at Café Momentum Restaurant

▶ The Environment

BBVA's 2016-2020 Global Eco-Efficiency Plan pursues;

- Alignment with current trends in eco-efficiency (sector and sustainability indexes)
- Involvement of all employees in the improvement of eco-efficiency
- Improved monitoring of compliance with the established targets
- Extension of the GEP 2016-2020 to indirect environmental impacts

Through the following strategies;

- Counting on a building portfolio and environmental management

systems based on the most advanced standards

- Promoting energy efficiency, the use of clean energy and other measures to reduce indirect emissions.
- Optimizing water use through efficient technologies and control and management mechanisms
- Encouraging the responsible use of paper and promoting a proper waste management
- Involving employees and suppliers in the company's efforts

2016-2020 Global Eco-efficiency Targets

Vectors	Strategic Guidelines	Global Target
 Environmental Management and Sustainable Construction	% occupation in certified buildings	46%*
 Energy and Climate Change	Consumption per occupant (kWh/occup)	- 5%
	% of clean energy	48%
	CO _{eq} emissions per occupat (tCO _{2eq} /occp)	- 8%
 Water	Consumption per occupant (m ³ /occup)	- 5%
	% occupants in buildings with alternative water sources	9%
 Paper & Waste	Paper consumption per occupant (kg/occup)	- 5%
	% occupants in buildings with separate waste collection	30%
 Extension of Commitment	Awareness campaigns for employees and supplier	

* Updated objective after the incorporation of the data from Turkey. Objectives per person.

2015 was the ending year of the previous Global Eco-efficiency Plan 2013-2015 and it was established as the base year to set the targets of the current Global Eco-efficiency Plan 2016-2020.

Environmental Commitment

BBVA has an important role to play in protecting the environment, both through our own operations and our supply chain as well as through the products and services we offer, particularly related to financing projects and asset management. In 2018, BBVA Group published the fourth review of our Environmental Commitment.

The aims of this commitment are to:

1. Comply with prevailing environmental regulations where we operate.
2. Establish a strategy for climate change and sustainable development and support the main initiatives in this area.
3. Integrate environmental variables into the Group Risk Management Model.
4. Promote sustainable financing and the development of products and services that contribute to the transition to a low-carbon economy.
5. Guarantee the efficient use of natural resources by setting and achieving goals for improvement established in the Global Eco-Efficiency Plan.

6. Managing the direct impact through an environmental management system based on the ISO 14001 and other acknowledged environmental standards.
7. Guarantee the transparency of the strategy and environmental performance of BBVA.
8. Inform, raise the awareness of, and train employees in environmental matters.
9. Provide support for sponsorship, voluntary work and environmental research.

In addition to these objectives, the global climate change and sustainable development strategy approved in 2018, establishes new pledges by 2025, for the reduction of BBVA Group's carbon footprint. The bank has set a global reduction target of 68 percent of its scope 1 and 2 emissions. BBVA also committed to using 70 percent renewable energy by 2025, and 100 percent by 2030. As part of this goal, in 2018 BBVA joined RE100, a global corporate leadership initiative that brings together influential businesses committed to 100 percent renewable electricity by 2050.

Energy & Emissions

BBVA USA's 2018 energy saving projects included replacing heating, ventilation and air conditioning (HVAC) units across 55 locations in the portfolio. The newer units are typically at least 20 percent more efficient than the units they replace. In 2018, we installed 7 new Daintree remote lighting and HVAC control systems which adds a total of 15 locations with three more planned for completion in 2019.

This system provided us the data needed to diagnose and correct design and installation issues at several renovated branches including MacArthur Crossing, Hillcrest and Dickinson.

BBVA USA also replaced roofs at 14 locations that included additional insulation and white roof membranes for flat roof locations and lighter, more energy efficient shingle colors at sloped roof locations.

Energy & Scope 1 & 2 GHG Emissions¹

	2018	2017	2016
Diesel (liters)	43,661	32,592	43,419
Natural Gas (dekatherms)	21,604	17,382	18,763
Electricity (kWh)	125,647,006	121,255,542	127,741,503
Electricity savings from energy-efficiency projects (kWh)	1,398,075	1,257,154	790,000
Scope 1 GHG emissions (metric tons CO2e) ²	1,245	1,005	1,114
Scope 2 GHG emissions (metric tons CO2e) ²	42,924	61,864	63,479

¹ Includes estimates using the average emissions per square foot in comparable facilities by state for leased spaces where we lack metered data.

² The following gases are included in the GHG inventory: CO₂, CH₄, and N₂O. We followed the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard published by the World Business Council for Sustainable Development and the World Resources Institute for reporting the GHG inventory. We utilized the latest available emission factors for each fuel type and region and Global Warming Potential factors from the Second Assessment Report (SAR) published by Intergovernmental Panel on Climate Change to calculate Scope 1 and 2 GHG inventory.

Water

In 2018, total water consumption for BBVA properties was 295,911,796 gallons (1,120,148 m³). This amount covers municipal water data only. About 28 percent of this amount is estimated for leased sites or those with shared utilities, based on extrapolated usage by square foot from similar buildings reporting actual meter readings.

BBVA USA's water conservation initiatives in 2018 including replacing faucet aerators in 508 location reducing flow rates to 0.5 gallons per minute (gpm) for restroom lavatories, saving an estimated 6 million gallons (22,712 m³) of water annually. In 2018, BBVA also instituted a pilot irrigation controller project, utilizing advanced technology to calculate irrigation needs based on weather data, forecasts, soil moisture and other data. The system will also monitor the water

use to alert our facility management team of overuse or potential breaks in the system. This system is expected to save 4.5 million gallons (17,034 m³) of water at these locations.

Water Totals

2018	2017	2016
1,120,148 m ³	1,186,310 m ³	1,122,956 m ³
295,911,796 gal	492,234,426 gal	296,653,591 gal

Materials

BBVA consumed 643,003 kilograms of paper with 4 percent recycled input material, and we recycled 1,200,918 kilograms of paper in 2018. Recycled input material percentage is calculated by dividing paper purchased that contains some recycled material, as well as other sustainably sourced materials (which varies for different paper products) by total paper purchased for the year.

Technology & Travel

	2018	2017	2016
Videoconferences	16,249**	102,811	60,892
Audioconferences	148,615	107,403	102,683
Air travel (km)	35,900	37,340	39,908
Air travel (CO ₂ e in tons)	4,390	4,572	4,263

* The following gases are included in the GHG inventory: CO₂, CH₄, N₂O. To report Scope 3 we get the conversion factors from the latest version provided by Department for Environment, Food and Rural Affairs (DEFRA).

** 2018 video conference data does not include WebEx video conferences due to the implementation of a global WebEx solution. BBVA USA no longer has access to country specific data.

► Appendix

SUSTAINABLE DEVELOPMENT GOALS



Sustainable Development Goals

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries — developed and developing — in a global partnership. They recognize that ending poverty

and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth — all while tackling climate change and working to preserve our oceans and forests.

In 2018, BBVA Group announced its strategy around climate change and sustainable development and our Pledge 2025 to help meet the United Nations Sustainable Development Goals (SDGs). (For more information on Pledge 2025,

see page 31.) We are particularly focused on taking a leadership role in SDG 17: Revitalize the Global Partnership for Sustainable Development, which seeks to strengthen alliances to achieve the targets. BBVA is committed to engaging all stakeholders to increase the financial sector’s collective contribution to sustainable development. The SDGs will only be achieved by working together in a broad coalition. This requires awareness, shared knowledge, action, dialog and alliances with all

stakeholders, as well as participation in international and industry initiatives that amplify results.

The following graph outlines how BBVA’s responsible business strategies are linked to our commitment to the priority SDGs reflected in this report.

Initiative	Values	Strategic Priority	SDGs	Page in this Report
The Team - Professional Development - Diversity & Inclusion - Compensations & Benefits - Volunteerism & Social Engagement	Customer comes first We think big We are one team	A First Class Workforce	     	25 - 30
Governance - Standards of Conduct - Procurement Policy		New Business Models A First Class Workforce Unrivalled Efficiency	 	19
Sustainable Finance Pledge 2025 Community Reinvestment Act - Lending - Small Business - Community Development - Home Mortgage - Community Development Investments - Community Development Services		New Business Models A First Class Workforce Unrivalled Efficiency	    	31 - 34
Community Investment - Community Investments - Financial Education - BBVA Momentum		New Business Models Unrivalled Efficiency	     	35 - 38
The Environment - Environmental Commitment - Energy & Emissions - Water - Materials		New Business Models Unrivalled Efficiency	    	39 - 40

About This Report

Reporting Scope and Boundary

The BBVA Responsible Banking Report – USA is published annually. This report represents data from the calendar year 2018 covering the BBVA USA Bancshares, Inc. portion of the U.S. business unit (including any leased facilities, subsidiaries, etc.). Our previous report was for the year ended December 31, 2017. More information is available in the BBVA Group’s 2018 Financial Report on bbvausa.com, and the investor relations website, bbvausa.investorroom.com.

There were no significant changes during the reporting period regarding the organization’s size, structure, ownership, or supply chain. There haven’t been any significant changes from previous reporting periods in the scope, boundary and measurement methods applied in the BBVA USA Responsible Banking Report 2018. As of the publication date of this report, BBVA USA is not aware of the need for restating any material from previously published reports.

Regulatory Compliance

Bank supervisory information, including bank ratings, reports of examination, and informal corrective or enforcement actions, is generally confidential and not subject to

disclosure by BBVA USA. However, BBVA USA can confirm that it is not subject to any formal enforcement action by any of its state or federal regulators or subject to any formal agreements with any of its state or federal regulators.

BBVA USA has not identified any substantiated complaints that concern breaches of customer privacy.

GRI Standards Content Index

This report has been prepared in accordance with the Global Reporting Initiative Standards: Core Option. BBVA USA engaged global accounting firm, KPMG, to review the indicators in accordance with the GRI Standards disclosures as noted in the Content Index on pages 44-55. Also refer to the Independent Accountants’ Report on page 56. For more information about the Global Reporting Initiative, visit www.globalreporting.org.

Feedback

We want to hear from you! To submit a question, opinion or suggestion about this report, please contact: Department of Corporate Responsibility and Reputation
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Houston, TX 77056
Tel: 713-831-7487
corporateresponsibility.us@bbva.com
bbvausa.com

bbvausa.com/our-story/corporate-responsibility.html

or

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Additional information about BBVA USA can be found under the Investor Relations tab at bbvausa.com, by following [@BBVANews_USA](https://twitter.com/BBVANews_USA) on Twitter or visiting newsroom.bbvausa.com.



BBVA USA



@BBVA_USA



BBVA in the USA



BBVA in the USA



BBVA in the USA

Association Memberships

National

- American Bankers Association (ABA)
- Bank Insurance & Securities Association (BISA)
- Bank Policy Institute (BPI)

- Consumer Bankers Association (CBA)
- Equipment Leasing and Finance Association (ELFA)
- Institute of International Bankers (IIB)
- Insured Retirement Institute (IRI)
- Loan Syndications & Trading Association (LSTA) – Associate Member
- Mortgage Bankers Association (MBA)
- National Association of Government Guaranteed Lenders (NAGGL)
- National Housing Conference (NHC)
- Securities Industry and Financial Markets Association (SIFMA)

International (with U.S. nexus – BBVA Group or NY Branch is the member)

- Americas Society / Council of the Americas (AS/COA)
- Bankers Association for Finance and Trade (BAFT)
- Institute of International Finance (IIF)
- International Swaps and Derivatives Association (ISDA)
- Spain-U.S. Chamber of Commerce
- Trans-Atlantic Business Council (TABC)

State

- Alabama Bankers Association
- Arizona Bankers Association
- Florida Bankers Association
- Florida International Bankers Association (FIBA)

GRI Standards Content Index

Disclosure	Disclosure Description	Chapter	Omission	Pages
General Disclosures				
102-1 ✓	Name of the organization.	About BBVA		5
102-2 ✓	Activities, brands, products and services.	About BBVA		5
102-3 ✓	Location of headquarters.	About BBVA		5
102-4 ✓	Location of operations.	About BBVA		5
102-5 ✓	Ownership and legal form.	About BBVA		5
102-6 ✓	Markets served.	About BBVA		5
102-7 ✓	Scale of the organization.	About BBVA		5-6
102-8 ✓	Information on employees and other workers.	Workforce Data	Total number of employees by contract, by region: data not available. No significant portion of work performed by non-employees or significant seasonal variations.	29-30
102-9 ✓	Supply chain.	Procurement Policy		19
102-10 ✓	Significant changes to the organization and its supply chain.	About this Report		43
102-11 ✓	Precautionary principle or approach.	Management of Environmental & Social Impacts		31
102-12 ✓	External initiatives.	Responsible International Commitments & Corporate Policies		8
102-13 ✓	Memberships or associations.	Association Memberships		43
102-14 ✓	Statement from Senior decision maker.	Letter from the President & CEO		3
102-15 ✓	Key impacts, risks and opportunities.	Letter from the President & CEO		3
102-16 ✓	Values, principles, standards and norms of behavior.	BBVA Values / Compliance System		10, 18
102-18 ✓	Governance structure.	Governance / Responsible Banking		15, 20

✓ Externally reviewed, see page 56 for Independent Accountants' Report.

GRI Standards Content Index

Disclosure	Disclosure Description	Chapter	Omission	Pages
General Disclosures				
102-40 ✓	List of stakeholder groups.	Stakeholder Group Approach		14
102-42 ✓	Basis for identification and selection of stakeholders with whom to engage.	Materiality Process		12
102-43 ✓	Approach to stakeholder engagement.	Stakeholder Group Approach		14
102-44 ✓	Key topics and concerns raised.	Stakeholder Group Approach		14
102-45 ✓	Entities included in the consolidated financial statements.	About BBVA		5
102-46 ✓	Defining report content and topic boundaries.	Materiality Process		12
102-47 ✓	List of material topics.	Material Topics		13
102-48 ✓	Restatements of information.	Reporting Scope and Boundary		43
102-49 ✓	Changes in reporting.	Reporting Scope and Boundary		43
102-50 ✓	Reporting period.	Reporting Scope and Boundary		43
102-51 ✓	Date of most recent report.	Reporting Scope and Boundary		43
102-52 ✓	Reporting cycle.	Reporting Scope and Boundary		43
102-53 ✓	Contact point for questions regarding the report.	Feedback		43
102-54 ✓	Claims of reporting in accordance with the GRI Standards.	GRI Standards Content Index		43
102-55 ✓	GRI Content index.	GRI Standards Content Index		44-47
102-56 ✓	External assurance.	Independent Accountants' Review Report		56

✓ Externally reviewed.

GRI Standards Content Index

Disclosure	Disclosure Description	Chapter	Omission	Pages
Economic Performance				
201-1 ✓	Economic value.	Executive Summary		5-6
201-3 ✓	Coverage of the organization's defined benefit plan obligations.	Compensation & Benefits		27
Indirect Economic Impact				
203-2 ✓	Significant indirect economic impacts.	Sustainable Finance		32-34
Anti-Corruption				
205-2 ✓	Communication and training about anti-corruption policies and procedures.	Compliance Training	A new system was utilized to record and report this data in 2018. Total number and percentage of business partners to whom anti-corruption policies and and procedures have been communicated. Data not available.	18
Anti-Competitive Behavior				
206-1 ✓	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices.	Regulatory Compliance		43
Materials				
301-1 ✓	Materials used by weight or volume.	Materials		40
301-2 ✓	Percentage of materials used that are recycled input materials.	Materials		40
Energy				
302-1 ✓	Energy consumption within the organization.	Energy & Emissions	Energy consumption reported in local units of measure or comparability with the US-based reporting context. Reported in alignment with BBVA global.	40
302-4 ✓	Reduction of Energy Consumption.	Energy & Emissions		40
Water				
303-1 ✓	Water withdrawal by source.	Water		40

✓ Externally reviewed.

GRI Standards Content Index

Disclosure	Disclosure Description	Chapter	Omission	Pages
Emissions				
305-1 ✓	Direct (Scope 1) GHG emissions.	Energy & Emissions		40
305-2 ✓	Energy indirect (Scope 2) GHG emissions.	Energy & Emissions		40
305-3 ✓	Other indirect (Scope 3) GHG emissions.	Energy & Emissions		40
Social				
401-1 ✓	New employee hires and employee turnover.	Workforce Data	Regional and age group data not available.	30
401-2 ✓	Benefits provided to full-time employees that are not provided to temporary or part-time employees.	Compensation & Benefits		27
Education and Training				
404-2 ✓	Programs for upgrading employee skills and transition assistance programs	Professional Development		25
Diversity and Equal Opportunity				
405-1 ✓	Diversity of governance bodies and employees.	Diversity & Inclusion	Governance bodies. Data unavailable.	29-30
406-1 ✓	Incidents of discrimination and corrective actions taken.	Diversity & Inclusion		26
Marketing & Labeling				
417-1 ✓	Requirements for product and service information and labeling.	TCR Communications		22
417-2 ✓	Incidents of non-compliance concerning product and service information and labeling.	Regulatory Compliance		43
417-3 ✓	Incidents of non-compliance concerning marketing communications	Regulatory Compliance		43
Customer Privacy				
418-1 ✓	Substantiated complaints concerning breaches of customer privacy and losses of customer data.	Regulatory Compliance		43
Compliance				
419-1 ✓	Non-compliance with laws and regulations in the social and economic area.	Regulatory Compliance		43

✓ Externally reviewed.

GRI Standards Context Index / DMAs

Disclosure		Description	BBVA Response
Material Topic: Fast, Easy, DIY			
103-1	Explanation of the material topic and its boundary	For each material topic, the reporting organization shall report the following information: a. An explanation of why the topic is material.	The stakeholders expect that BBVA make opportunities offered by new technologies available to customers in order to facilitate customers to make use of the bank services at anytime and anywhere (mobile banking, wallet, fully digital hiring processes).
✓		b. The Boundary for the material topic, which includes a description of: i. where the impacts occur;	Customers throughout the bank's footprint can make easier financial decisions, have access to improved customer experience, time reduction of banking transactions, and paperwork reduction as a result of our digital transformation strategy.
✓		ii. the organization's involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.	Digital matters to the business because BBVA firmly believes technology is an enabler for social good. As a business, BBVA has invested significantly – both financially and in resources like time and human commitment – into how it can utilize the latest technologies to support those that bank with it. The BBVA statement of intent around bringing the age of opportunity to everyone is heavily influenced by how we can use technology to do this.
✓		c. Any specific limitation regarding the topic Boundary.	Not relevant limitations to disclose information.
103-2	The management approach and its components	For each material topic, the reporting organization shall report the following information: a. An explanation of how the organization manages the topic.	BBVA's value proposition is built on the foundations of customer experience and trust. - Helping customers to make the best financial decisions (in banking and other areas) via a clear, simple and transparent range of products and services, grounded on fair conditions and the principles of prudence and integrity in order to gain their trust. - With an easy and convenient value proposition, ensuring that services are accessible anytime, anywhere, and by the means of the customer's choosing, providing options to engage with the bank automatically, via digital channels, or via human interaction. - Supporting customers as they manage their finances daily, by proactively offering innovative and customized services, as well as recommending the best financial options to suit their needs.
✓		b. A statement of the purpose of the management approach.	Making our customers' lives easier when they have to make financial decisions and deal with their money. BBVA's strategic priorities have a special focus on digitization and customer experience.
✓		c. A description of the following, if the management approach includes that component: i. Policies	Protecting data and customer information is a key priority and policy. We have lengthy procedures we go through to make sure what we build works well and is the best we can provide for the customer. Our strategic priorities are linked to creating opportunities for our customers. We have a lot of policies around to ensure we do things right. We have the Single Development Agenda Office (SDA) in each country that manages the entire portfolio of projects with homogenous criteria, and common roles and responsibilities. This team ensures these projects are prioritized, have the necessary resources, are delivered on time, ensure they are built well and it provides the best service to the customer. This team focuses quarterly on what are the new and best services we need to deliver to our customers. Each quarter, the SDA Office meets with the leading Executives of all departments and the CEO to ensure that all portfolio prioritization and allocation of funds are in line with our bank's strategic objectives.
✓		ii. Commitments	BBVA is engaged in finding and implementing new technologies that streamline the customer experience. Helping people and businesses make better financial decisions that help them achieve their personal and professional goals.
✓		iii. Goals and targets	Become one of the leading banks in terms of digital transformation BBVA's role in digital transformation is to use technology to build the products and solutions that make customers' lives easier, and then make sure that our customers know those products and solutions are available to them.

✓ Externally reviewed.

GRI Standards Context Index / DMAs

Disclosure		Description	BBVA Response
✓		iv. Responsibilities	The collaboration between Business Development, Engineering, Designers, and Global is key to our successes. This complex and intricate system that we use in order to bring the best pieces of Global knowledge with first class Design and combine it with local development to create a Digital Global leading set of services to a Regional Midsize bank. The Domain Heads of Business Development, Engineering, Compliance, Risk, Talent & Culture, Finance, CIB, and Data meet regularly to discuss these matters.
✓		v. Resources	The collaboration among Business Development, Engineering, Designers, and Global is key to the Digital Transformation success. This complex and intricate system used to bring the best pieces of global knowledge with first class design and combine it with local development to create a digital global leading set of services to a regional midsize bank.
✓		vi. Grievance mechanisms	Any type of opinion that the customer provides by any means (NPS,digital feedback, complaints, claims, etc.) is examined, with the objective of learning more about their opinions and of having the opportunity to help them resolve any problem by offering simple, clear, agile and personalized responses.
✓		vii. Specific actions, such as processes, projects, programs and initiatives	DIY Services – Mobile Banking, Online Banking – constant enhancements including services and sales. Digital Sales – Online account origination for all deposit products as well as credit cards and personal loans. We also have digital leads for customers wanting Mortgages and home-equity products. Defi – A new product to enhance our Indirect Auto business. Net Cash – Online banking for commercial customers allowing them the ease of use that Retail customers have including a mobile app.
103-3	Evaluation of the management approach	For each material topic, the reporting organization shall report the following information: a. An explanation of how the organization evaluates the management approach, including:	We are continually working to improve the digital sales channels through work with Behavioral Economics and design. The “funnels” are tested and enhanced to improve customer flow and satisfaction throughout the process. We are not focusing on new products, but a focus on improving the process for the ones we have, looking for better fraud tools, better ways to verify customer identity and faster ways to get customers their products.
✓		i. the mechanisms for evaluating the effectiveness of the management approach;	
✓		ii. the results of the evaluation of the management approach;	Digital Sales is a key metric as it is one of the main keys to acquire and serve more clients. We have KPIs (mobile penetration, digital penetration, customer acquisition, and DIY servicing) that measure how effectively we are delivering what our customers need. Our goal is to provide our customers with an easy and efficient way to get all the information they need at their fingertips.
✓		iii. any related adjustments to the management approach.	Credit cards and Express Personal Loan are the most recent example of adopting the new brand look and feel for bbvausa.com and consistently receiving awards for having one of the best mobile app & mobile functionality in the US.
Material Topic: Data protection			
103-1	Explanation of the material topic and its boundary	For each material topic, the reporting organization shall report the following information: a. An explanation of why the topic is material.	Stakeholders expect their data to be secure at BBVA and to used only for agreed purposes, always complying with current law. This is critical to maintaining trust of our customers, present and future.
✓			

✓ Externally reviewed.

GRI Standards Context Index / DMAs

Disclosure		Description	BBVA Response
✓		b. The Boundary for the material topic, which includes a description of: i. where the impacts occur;	We maintain data that comes from customers, employees, internally created data, data from strategic vendors.
✓		ii. the organization's involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.	Data that is not protected appropriately could result in a data breach resulting in the exposure of critical data of the bank and of our employees and customers. BBVA USA has developed and implemented policies, standards, controls and security measures necessary to protect the confidentiality, integrity and availability of BBVA USA customer information, which is the foundation of our Information Security Program. We control access to prevent the unauthorized use, access or disclosure, we also have policies that address that data is only to be used for agreed purposes, and we have master service agreements with our vendors which notes that the data received is to only be used for the purposes documented in the agreements.
✓		c. Any specific limitation regarding the topic Boundary.	No relevant limitations to disclose information.
103-2	The management approach and its components	For each material topic, the reporting organization shall report the following information: a. An explanation of how the organization manages the topic.	BBVA USA has developed and implemented policies, standards, controls and security measures necessary to protect the confidentiality, integrity and availability of BBVA USA customer information, which is the foundation of our Information Security Program.
✓		b. A statement of the purpose of the management approach	The protection of our customers' data is a fundamental commitment of BBVA USA and is reflected through the establishment and continual improvement of our Information Security Program. BBVA USA monitors through multiple divisions including Regulatory, Compliance, Legal and Information Security that applicable laws and regulations related to data protection are followed. The most significant and broad regulations that we must comply with related to data protection are included in the Gramm-Leach-Bliley Act (GLBA) specifically the Safeguards Rule 16 CFR Part 314. It notes in section 314.3 the following: You shall develop, implement, and maintain a comprehensive information security program that is written in one or more readily accessible parts and contains administrative, technical, and physical safeguards that are appropriate to your size and complexity, the nature and scope of your activities, and the sensitivity of any customer information at issue. Such safeguards shall include the elements set forth in §314.4 and shall be reasonably designed to achieve the objectives of this part, as set forth in paragraph (b) of this section. (b) Objectives. The objectives of section 501(b) of the Act, and of this part, are to: (1) Insure the security and confidentiality of customer information; (2) Protect against any anticipated threats or hazards to the security or integrity of such information; and (3) Protect against unauthorized access to or use of such information that could result in substantial harm or inconvenience to any customer. As far as GDPR, we have fully assessed the regulation and have determined that the regulation does not apply to BBVA USA directly. However BBVA USA does have a subsidiary that is contractually obligated to comply with certain aspects of GDPR. Legal and Information Security have reviewed those contractual obligations and determined that BBVA USA and applicable subsidiaries have processes in place to comply with those contractually required aspects of the regulation.

✓ Externally reviewed.

GRI Standards Context Index / DMAs

Disclosure		Description	BBVA Response
✓		c. A description of the following, if the management approach includes that component: i. Policies	The main topics of the BBVA USA Information Security Policies are; Information security, access management and password control, vulnerability and patch management, among others.
✓		ii. Commitments	The bank has many tools to manage data protection and cyber-security including network monitoring, threat management, data loss prevention, end point protection, disaster recovery, encryption, anti-malware, mobile device management, network access control, data back up and recovery, firewalls, authentication and access management, among others.
✓		iii. Goals and targets	Our goal is to protect all critical data entrusted to BBVA by maintaining confidentiality, integrity and availability. We implement short and long term strategies to meet our goals at BBVA USA and its subsidiaries. Our most recent short term goals of enhancing the organizational structure with 20+ additions to staff, enhancing our vulnerability management and monitoring program, enhancements to our Information Security Third Party Risk Management program were all met on time. Our longer term strategic goals of enhancing three major areas of focus including maturing external threat controls, internal threat protection initiatives and first line of defense operational risk control completeness are all on track.
✓		iv. Responsibilities	Our Data Security Policy mandates that all BBVA USA employees, contractors, and all third party stakeholders that access BBVA USA restricted or internal data, networks or computers must comply with the policy and protect the data. The Divisions that are responsible for governing and managing data protection and cyber-security are as follows: Information Security which is head by the Chief Information Security Officer (CISO), Information Security Governance which is head by the Director of Information Security Governance / Chief Privacy Officer and reports to the CISO, Legal Governance, and Regulatory Relations.
✓		v. Resources	The bank has many tools to manage data protection and cyber-security including network monitoring, threat management, data loss prevention, end point protection, disaster recovery, encryption, anti-malware, mobile device management, network access control, data back up and recovery, firewalls, authentication and access management, among others.
✓		vi. Grievance mechanisms	In the event of an incident or breach we enact our incident response plans and playbooks. These plans are tested multiple times per year to make sure we are prepared for these events if they occur.
✓		vii. Specific actions, such as processes, projects, programs and initiatives	Focusing on enhancing our card data protection, data mapping, enhanced segmentation and network monitoring. In the event of an incident or breach we enact our incident response plans and playbooks. These plans are tested multiple times per year to make sure we are prepared for these events if they occur.
103-3	Evaluation of the management approach	For each material topic, the reporting organization shall report the following information:	We maintain a data classification policy which categorizes all data maintained by the bank into the following categories: Critical, Restricted, Internal Bank Data, and Public. We tier our controls to ensure the most critical data is protected with our most rigid controls.
✓		a. An explanation of why the topic is material.	We maintain a set of approximately 20 critical key risk indicators that are monitored on a regular basis. The key risk indicators focus on monitoring increased risks related to vendors, incident attempts, and vulnerabilities and other critical areas that could expose the bank to an increased risk of an incident.

✓ Externally reviewed.

GRI Standards Context Index / DMAs

Disclosure		Description	BBVA Response
✓		ii. The results of the evaluation of the management approach	We maintain a set of approximately 20 critical key risk indicators that are monitored on a regular basis. The key risk indicators focus on monitoring increased risks related to vendors, incident attempts, and vulnerabilities and other critical areas that could expose the bank to an increased risk of an incident. We continuously enhance our strategies to provide appropriate data protection.
✓		iii. any related adjustments to the management approach.	In October 2016, the federal banking regulators issued an advance notice of proposed rulemaking regarding enhanced cyber risk management standards, which would apply to a wide range of large financial institutions and their third-party service providers, including the Company and its U.S. Bank Subsidiaries.
Material Topic: Solvency & Sustainability			
103-1	Explanation of the material topic and its boundary	For each material topic, the reporting organization shall report the following information: a. An explanation of why the topic is material.	Stakeholders expect BBVA to be a solvent and sustainable bank. It is imperative to have a business model that responds to market changes from disruptive technologies and new competitors, to geopolitical issues and more.
✓		b. The Boundary for the material topic, which includes a description of: i. where the impacts occur;	BBVA USA and communities where we operate.
✓		ii. The organization's involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.	Effective liquidity management is essential for the operation of the Company's business. The Company requires sufficient liquidity to meet customer loan requests, customer deposit maturities/withdrawals, payments on debt obligations as they come due and other cash commitments under both normal operating conditions and unpredictable circumstances causing industry or general financial market stress.
✓		c. Any specific limitation regarding the topic Boundary.	There are no limitations regarding this topic's Boundary.
103-2	The management approach and its components	For each material topic, the reporting organization shall report the following information: a. An explanation of how the organization manages the topic.	Liquidity management is independently monitored by the Structural Risk Department under the company's Enterprise Risk Management framework. Following BBVA's global model, the Structural Risk Department establishes and monitors compliance with numerous liquidity risk management targets both internally derived as well as required by regulators. Additionally, the Internal Audit Department performs regular reviews of liquidity management to ensure compliance with policies, procedures and regulatory guidelines. BBVA USA maintains policies, procedures and contingency funding plans which are periodically reviewed and approved by various oversight working groups and committees including certain committees of the Board of Directors.
✓		b. A statement of the purpose of the management approach	Keep a good financial condition, mitigate risks and enhance performance of the bank.
✓		c. A description of the following, if the management approach includes that component: i. Policies	Publicly available for us would be the information in our quarterly press releases, our Call Reports and our SEC filings (primarily our 10-Q and 10-K).
✓		ii. Commitments	BBVA USA is subject to the Liquidity Coverage Ratio (LCR) rule issued by the Board of Governors of the Federal Reserve System. As such, BBVA USA is required to disclose publicly on a quarterly basis quantitative and qualitative information about certain components of its LCR.
✓		iii. Goals and targets	Perform effective liquidity management to meet the day-to-day cash flow requirements of its customers, whether they are depositors wishing to withdraw funds or borrowers requiring funds to meet their credit needs.

✓ Externally reviewed.

GRI Standards Context Index / DMAs

Disclosure	Description		BBVA Response
✓	iv. Responsibilities		Liquidity management is independently monitored by the Structural Risk Department under the company's Enterprise Risk Management framework. Following BBVA's global model, the Structural Risk Department establishes and monitors compliance with numerous liquidity risk management targets both internally derived as well as required by regulators. Additionally, the Internal Audit Department performs regular reviews of liquidity management to ensure compliance with policies, procedures and regulatory guidelines. BBVA USA maintains policies, procedures and contingency funding plans which are periodically reviewed and approved by various oversight working groups and committees including certain committees of the Board of Directors.
✓	v. Resources		Customer deposits are the primary source of funds for lending and investing activities and their cost is the largest category of interest expense. BBVA USA also utilizes brokered deposits as a funding source in addition to customer deposits. Scheduled payments, as well as prepayments, and maturities from portfolios of loans and investment securities also provide a stable source of funds. BBVA USA also borrows both short-term and long-term funds utilizing various financial instruments commonly used in the U.S. banking industry. Notably during 2018, BBVA USA issued \$1.15 billion of long-term debt due in 2021 as part of its regular borrowing activities.
✓	vi. Grievance mechanisms		No applicable grievance mechanisms.
✓	vii. Specific actions, such as processes, projects, programs and initiatives		The Company is subject to capital adequacy and liquidity standards. The Company is also required to submit a periodic capital plan to the Federal Reserve Board under the CCAR process. The capital plan must include an assessment of the Company's expected uses and sources of capital over a forward-looking planning horizon of at least nine quarters, a detailed description of the Company's process for assessing capital adequacy, the Company's capital policy, and a discussion of any expected changes to the Company's business plan that are likely to have a material impact on its capital adequacy or liquidity. The Federal Reserve Board evaluates the Company's liquidity as part of the supervisory process and adopted a final LCR rule. In addition, BBVA designated the BBVA USA Bancshares, Inc. as its IHC to comply with the Federal Reserve Board's final rule to enhance its supervision and regulation of the U.S. operations of Large FBOs. BBVA USA Bancshares, Inc. is subject to U.S. risk-based and leverage capital, liquidity, risk management, stress testing and other enhanced prudential standards on a consolidated basis under this rule. BBVA's combined U.S. operations (including its U.S. branches, agencies and subsidiaries) are also subject to certain enhanced prudential standards. These enhanced prudential standards could affect the Company's operations.
103-3	Evaluation of the management approach	For each material topic, the reporting organization shall report the following information: a. An explanation of how the organization evaluates the management approach, including:	BBVA USA regularly assesses liquidity needs under various scenarios of market conditions, asset growth and changes in its credit ratings. The assessment includes liquidity stress testing which measures various sources and uses of funds under the different scenarios. The assessment provides regular monitoring of unused borrowing capacity and available sources of contingent liquidity to prepare for unexpected liquidity needs and to cover unanticipated events that could affect liquidity.
✓		i. the mechanisms for evaluating the effectiveness of the management approach;	
✓		ii. the results of the evaluation of the management approach;	Management believes that the current sources of liquidity are adequate to meet the company's requirements and plans for continued growth in order to support responsible banking in the communities we serve across our footprint.
✓		iii. any related adjustments to the management approach.	No relevant changes in 2018

✓ Externally reviewed.

GRI Standards Context Index / DMAs

Disclosure		Description	BBVA Response
Material Topic: Ethical behavior & Consumer protection (TCR)			
103-1	Explanation of the material topic and its boundary	For each material topic, the reporting organization shall report the following information: a. An explanation of why the topic is material.	BBVA stakeholders expect the bank to behave with integrity. In particular, they expect that BBVA provide transparent and pertinent information to employees and clients to facilitate customers’ ability to make sound financial decisions.
✓		b. The Boundary for the material topic, which includes a description of: i. where the impacts occur;	TCR principles apply to all functional areas across the organization. BBVA prioritizes TCR efforts for departments and services that are customer facing or have direct communication with customers.
✓		ii. the organization’s involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.	Transparent, Clear and Responsible Banking principles are applied in complement to our compliance programs, customer interactions and complaints management. For example, a recent project focused on clarifying fee assessments in response to customer confusion.
✓		c. Any specific limitation regarding the topic Boundary.	TCR principles can be applied to all areas of the organization. While the program continues to mature, TCR efforts are focused on areas with the most value added. In efforts to continue education, awareness and benefits of the concepts, BBVA instituted introductory courses for all new hires, hosted workshops and implemented supplemental training. The long term goal is adoption of TCR across the entire organization.
103-2	The management approach and its components	For each material topic, the reporting organization shall report the following information: a. An explanation of how the organization manages the topic.	The Transparent, Clear and Responsible (TCR) Communication approach has the objective to help customers make informed decisions. It is based on applying the principles of transparency, clarity and responsibility on different products and services. Transparency means giving the customer the relevant information to make decisions, balancing advantages & costs; Clarity means easy to understand (language, structure, design); and Responsibility means taking care of the customer in the short, medium and long term. There is a five phase methodology for introducing TCR into projects which consists of: 1. quarterly planning project selection; 2. contextualized training; 3. implementation and escalation; 4. TCR Report; 5. continuous improvement process.
✓		b. A statement of the purpose of the management approach	The objectives are to help customers make informed and responsible banking decisions and improve customer relations with the bank. These actions show that BBVA is committed to our customer. Results of these actions help retain our current customer base, attract new customers, and encourage existing customers to recommend BBVA to others.
✓		c. A description of the following, if the management approach includes that component: i. Policies	BBVA uses the Methodology and Risk Survey (MARS) tool to evaluate risk potential. MARS helps organize the project management methodology and automate the notification process to stakeholders across the organization. TCR was added as a Stakeholder on the Mars Survey based on specific criterias met. This allowed us to select a project to focus on for TCR.
✓		iii. Goals and targets	The objective is to facilitate and promote responsible banking and sound financial decisions. These objectives are accomplished by providing easy to understand and clear interactions throughout all customer touchpoints in order to help customers make informed decisions. We conduct surveys that include BBVA customers and our peer group customers The survey includes an opportunity for the respondent to score the institutions on providing clear and transparent information. These scores are used as an indication of the customers’ perception and opportunities in areas for improvement.

✓ Externally reviewed.

GRI Standards Context Index / DMAs

Disclosure		Description	BBVA Response
✓		iv. Responsibilities	Program responsibilities include education and training, participation in key customer facing projects, and day-to-day functions in order to promote adoption and implementation of TCR principles in employees' daily routines.
✓		v. Resources	The TCR team is supported by Seamless Experience Management structure. In order to promote knowledge transfer and incorporation, several TCR delegates has been selected to aid in adoption and practice within their teams.
✓		vi. Grievance mechanisms	Customer grievances or complaints feedback are accumulated through many input sources through the bank, including customer facing channels, Official and Non Official Complaints, customer surveys, and Open Market data. Customers also have the ability to score BBVA's application of transparent, clear and responsible banking through survey feedback.
✓		vii. Specific actions, such as processes, projects, programs and initiatives	Improvement of the fee descriptions displayed on client's Online Banking Transaction detail, Mobile Banking Transaction detail, and Deposit Statements. Additional improvements and initiatives are in progress or scheduled to reduce client complaints regarding fees. Improvement of the Mortgage Welcome letter to provide clearer instructions. Standardized Client Experience and TCR template were implemented for Client Experience Business Partners to incorporate their feedback to BASPAC. Implemented courses for All New Hires. Trained and advised teams across BBVA on implementation of the TCR principles.
103-3	Evaluation of the management approach	For each material topic, the reporting organization shall report the following information: a. An explanation of how the organization evaluates the management approach, including: i. the mechanisms for evaluating the effectiveness of the management approach;	Net TCR Score (NTRS), allows us to measure the degree to which customers perceive BBVA as a transparent and clear bank compared to its peers in the main localities.
✓		ii. the results of the evaluation of the management approach;	In 2018 BBVA's NTRS Position vs Competitors remained steadily at 7th position.
✓		iii. any related adjustments to the management approach.	To provide a boarder view and assessment of TCR concepts, Client Experience Business Partners have incorporated standardized Client Experience and TCR template to evaluate the projects they review in the BASPAC.

✓ Externally reviewed.



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Independent Accountants' Review Report

The Board of Directors and Management
BBVA USA Bancshares, Inc.:

We have reviewed the disclosures identified with the symbol "√" (the Disclosures) included in the GRI Standards Content Index tables on pages 44 through 55 of the accompanying BBVA Responsible Banking Report USA 2018 (the Company) for the year ended December 31, 2018 (the 2018 Responsible Banking Report). BBVA USA Bancshares, Inc.'s management is responsible for preparing and presenting the Disclosures in accordance with the criteria set forth for each related disclosure in the Global Reporting Initiative Standards (GRI Standards). Our responsibility is to express a conclusion on the Disclosures based on our review.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the review to obtain limited assurance about whether any material modifications should be made to the Disclosures in order for them to be in accordance with the criteria. A review is substantially less in scope than an examination, the objective of which is to obtain reasonable assurance about whether the Disclosures are in accordance with the criteria, in order to express an opinion. Accordingly, we do not express such an opinion. We believe that our review provides a reasonable basis for our conclusion.

The preparation of the Disclosures requires management to interpret the criteria, make determinations as to the relevancy of information to be included, and make estimates and assumptions that affect reported information. The selection of different but acceptable measurement techniques can result in materially different measurements. Different entities may make different but acceptable interpretations and determinations.

Based on our review, we are not aware of any material modifications that should be made to the disclosures identified with the symbol "√" included in the accompanying 2018 Responsible Banking Report in order for them to be in accordance with the criteria as set forth for each related disclosure in the GRI Standards.

The 2018 Responsible Banking Report includes summarized prior year comparative information for the years ended December 31, 2017 and 2016. Accordingly, the December 31, 2017 information should be read in conjunction with the Responsible Banking Report of BBVA USA Bancshares, Inc. for the year ended December 31, 2017 with our Independent Account's Review Report dated October 22, 2018, thereon, from which such summarized information was derived. The information for the year ended December 31, 2016 was not reviewed by us, and accordingly, we do not express any form of assurance on it.

KPMG LLP

Boston, Massachusetts
January 17, 2020

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