CIB Global Operations - Hub&Spoke model
Subsidiaries, Branches and Rep Offices

- Argentina
- Colombia
- Peru
- Venezuela

Hub Madrid
- Spain
- France
- Germany
- Italy
- Portugal
- U.K.
- USA
- Asia

Hub Mexico
- Mexico

- Argentina
- Colombia
- Peru
- Venezuela

- Beijing
- Hong Kong
- Singapore
- South Korea
- Taiwan
- Tokyo
- Shanghai

Branches and representative offices
A new market context has emerged making necessary for BBVA to adapt its business strategy...

1. Structural Market changes
   - Migration to flow/structured flow products
   - Electronification increased pressure from new players
   - Business commoditization: more volume, less cost & margin per trade

2. New client’s needs
   - Quick response and fast execution
   - Pricing in real time
   - Multichannel
   - STP processes
   - Traceability / reporting

3. Regulation and Compliance
   - Structural limitations
     - Capital
     - Liquidity
     - Collateral management
   - Clients’ protection
   - Pre and Post – trade transparency information requirements
The time has come to transform BBVA’s Global Markets’ platform

Why start this transformation process right now?

➔ Technical obsolescence of current platform
➔ Potentially negative business consequences
➔ Unaligned and behind market trend
➔ Not acting is not an option
➔ Enough gained momentum to launch the project
Beyond common improvements provided by the new platform, it must address every area’s specific concerns

<table>
<thead>
<tr>
<th>Front Office</th>
<th>Global Operations</th>
<th>Risks</th>
<th>IT</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Improve risk management capabilities</td>
<td>• Standardize and optimize our processes through OTB functionality and system map rationalization</td>
<td>• Front-to-Risk integration</td>
<td>• Efficient upgrading and testing</td>
</tr>
<tr>
<td>• Enhance trade processing</td>
<td>• Reduce Operational Risk through automation</td>
<td>• Regulatory compliance roadmap</td>
<td>• Enhancement and simplify the Integration map</td>
</tr>
<tr>
<td>• Improve our Balance Sheet Resources management</td>
<td>• Provide auto-service capabilities to improve client service</td>
<td>• Performance and scalability</td>
<td>• System map rationalization</td>
</tr>
<tr>
<td>• Enhance scalability and sustainability</td>
<td>• Ability to fulfill regulator’s requirements (EMIR, MIFID, DFA...)</td>
<td>• A full Market Risk solution is of the essence</td>
<td>• Establish a best practice governance</td>
</tr>
</tbody>
</table>

New GMs Platform
Target Systems Map

Front Office
- Fixed Income: Derivatives
- Forex: Derivatives
- Equity: Derivatives

Back Office
- Fixed Income: Cash
- Forex: Cash
- Equity: Cash

Risk
- RIMS/FCD
Our Journey

2015 2016 2017 2018 2019 2020 2021 ...

Analysis & Design
Launch

Today
Done so far
➔ FI All
➔ FX/MM ES
➔ Clearing All
➔ Collat All
➔ Calypso Matching
   (cloud base)

What’s next?
Continuous improvement
➔ OTC All
➔ FX / MM Mexico
➔ Full Calypso Subsidiaries
## Benefits

<table>
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<tr>
<th>Clients</th>
<th>Key Value Streams: DIY, Smart Interactions, Advice, Best Global Solutions / Products (Single solutions serving multicountry clients, revamp client satisfaction by providing simple E2E client journeys,...)</th>
</tr>
</thead>
<tbody>
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<td>Efficiency</td>
<td>Faster Cycles, Simplification, Lowest Costs, ONE BBVA (from fragmented digital product fronts into a single one)</td>
</tr>
</tbody>
</table>
Lessons learned

**People**
- Workforce strategy
- Freelance management
- Knowledge management

**Technology**
- Customization
- Integration
- Tropicalization
- Static Data integrity
- Suppliers roadmap

**Process**
- Governance
- Relationship model
- External environment will change
- Internal procedures will change

**Day to Day**
- New client offering
- New capacities
- Metrics / KPIs
- Centralisation
- New organizational model?
Thank you!

OUR PURPOSE

“To bring the age of opportunity to everyone”

STRATEGIC PRIORITIES

- New standard in customer experience
- Digital sales
- New business models
- Optimize capital allocation
- Unrivalled efficiency
- A first class workforce

OUR VALUES

- We are one team
- We are one BBVA