

### 2.2.3. The United States



#### Definition of the area

This area incorporates business conducted by the Group in the United States through BBVA Compass Group and the BBVA New York branch.

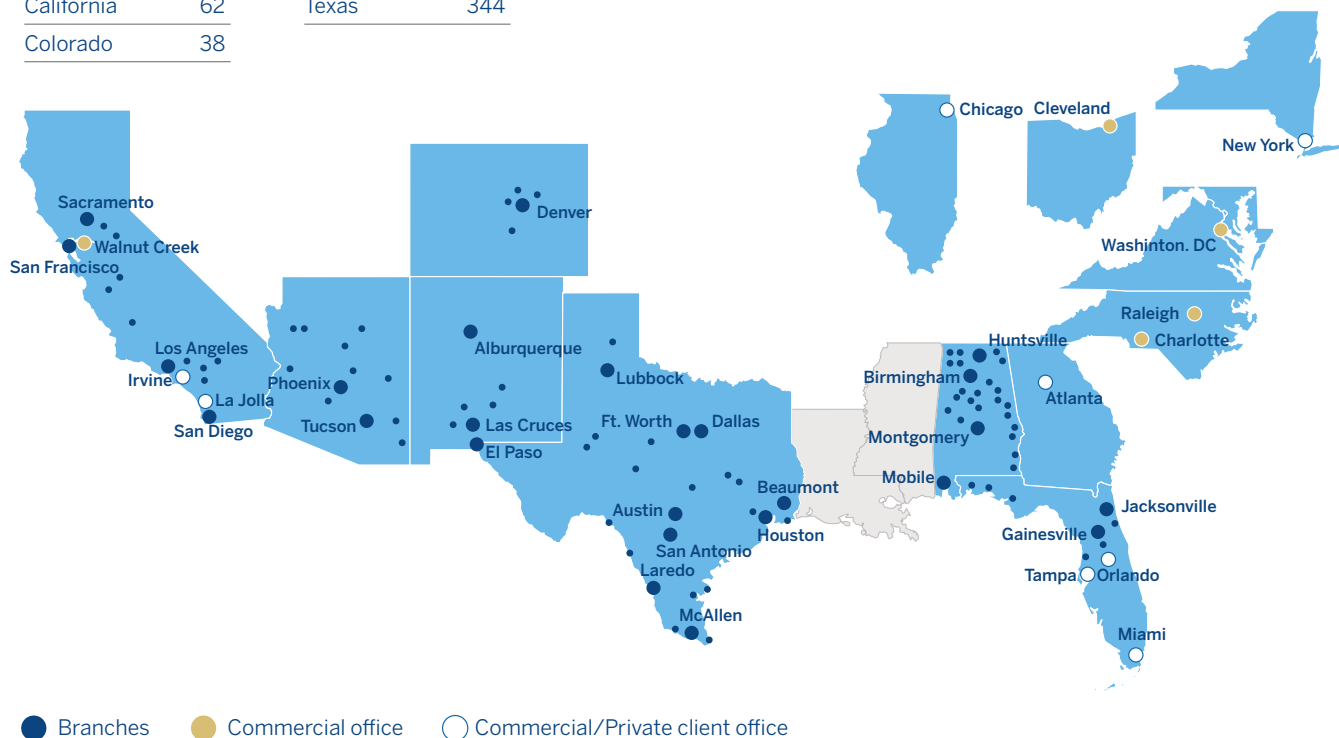
**BBVA Compass** is a bank with 672 branches throughout the United States. It is the 22<sup>nd</sup> largest bank in the United States in terms of deposit market share.

- Focus on profitable and selective growth.
- Good performance of deposits.
- Improved tendency throughout the year.
- Improved risk indicators throughout the year.

BBVA Compass footprint

#### BRANCHES BY STATE

Alabama	89	Florida	45
Arizona	75	New Mexico	19
California	62	Texas	344
Colorado	38		



#### Management priorities

##### Development of the strategic roadmap for the area

In **2016**, BBVA Compass continued making headway on its strategic roadmap, enhancing a differentiated value

proposition aligned with the six Strategic Priorities defined by the Group and focused on profitable growth. In this sense, the area has a different approach model for each segment and product / service offered, as well as handling

the business mix appropriately to achieve profitable growth.

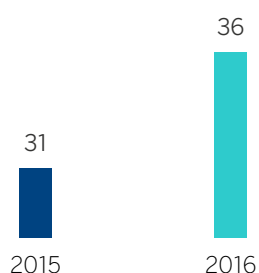
In particular, the BBVA Group subsidiary in the United States has continued to work according to the following **Strategic Priorities**:

A. To **provide a new standard in customer experience**, BBVA Compass has focused its efforts on improving processes and creating do-it-yourself solutions. The main initiatives carried out in 2016 were therefore primarily aimed at improving end-to-end processes related to:

- Opening accounts and incorporating new customers to the entity.
- Contact center.
- Credit and debit card application and maintenance.
- Granting mortgage loans.
- Other services / complaints.
- Treasury management.

As a result of these initiatives and many others, the results of BBVA Compass in terms of customer satisfaction, as measured by Net Promoter Score (NPS), have improved.

Net Promoter Score (NPS). (BBVA Compass. Percentage)

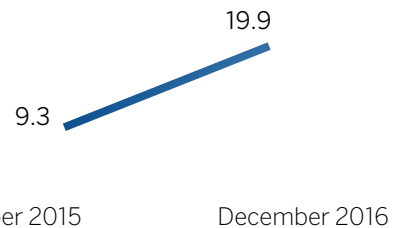


The area's objectives set for **2017** focus on increasing retention, and growing the target customer base, particularly in private and retail banking.

B. To **drive digital sales**, the area has been working on a number of key initiatives throughout 2016 to foster the transition of customers toward digital channels through "do-it-yourself" solutions, the development of new, cutting-edge functionalities and projects in partnership with the branches; all without losing sight of the initiatives for preventing fraud and improving cybersecurity. One

example of success is the online release in October 2016 of Signature Express Loan, a consumer loan that is arranged entirely online.

Digital sales (Percentage of total sales YTD, number of transactions)



In **2017**, BBVA Compass will continue to drive digital sales through a proper pricing strategy, an attractive value proposition driven by digital marketing and by leveraging technology and big data. BBVA Compass will also continue to make progress in online launching new products, such as the signing up for credit cards, etc.

C. Turning to developments in **new business models**, BBVA Compass has opted to open its technology platform to third parties so that others can create business on these supports. This is known as the Open APIs (open application program interface). In this area, the startup Dwolla, connected to the BBVA Compass API, is making its real-time payment systems available to bank customers. Customers using Simple can also enjoy the benefits of being connected to the BBVA Compass platform, as their accounts have been migrated to that platform.

The platform will represent a competitive advantage capable of achieving outstanding earnings and positioning for the bank.

Looking forward to **2017**, work will continue to develop the following products and services on the open platform:

- Corporate accounts.
- Issue of debit cards.
- Know your customer (KYC), i.e. processes for identifying and checking customer identity.
- Payment means.
- Loans.
- Operational processes.

- D. To **optimize capital allocation**, the area is focusing its efforts on generating growth organically by diversifying the loan portfolio, with a particular focus on the most profitable segments and an appropriate risk-adjusted return. In addition, there is the challenge of generating new sources of income from fees and commissions while containing expenses in an environment where interest rates are still low and with the income statement for 2016 affected by the impairment in the oil & gas sector, particularly during the first quarter of the year.
- E. In order to achieve an **unrivalled efficiency**, BBVA Compass is carrying out strict cost control and working on a continuous review of its operating methods, to adapt to a sector that is in constant change. This entails adapting:
- The model, defining new branch prototypes leveraged on new technologies.
  - The processes, with new management practices for daily branch operations.
  - The structures, i.e. adjusting the size of the network to the new customer behavior in order to optimize profitability.
- F. Lastly, to **attract, develop, motivate and retain a first-class workforce**, the area is implementing a variety of initiatives, focused on:
- Establishing a sense among the workforce of belonging to a “team of teams”.
  - A new mindset.
  - Effective employee communications.
  - Boosting the diversity and inclusion.
  - Creation of online communities that foster best practices.
  - Establishing a new leadership and development model.
- The [Management Report](#) provides more details on the macro and industry trends, activity and earnings of this business area.