

BBVA

Creating Opportunities

Back Office Systems

CIB Global Operations

ECB December 2019



Who?

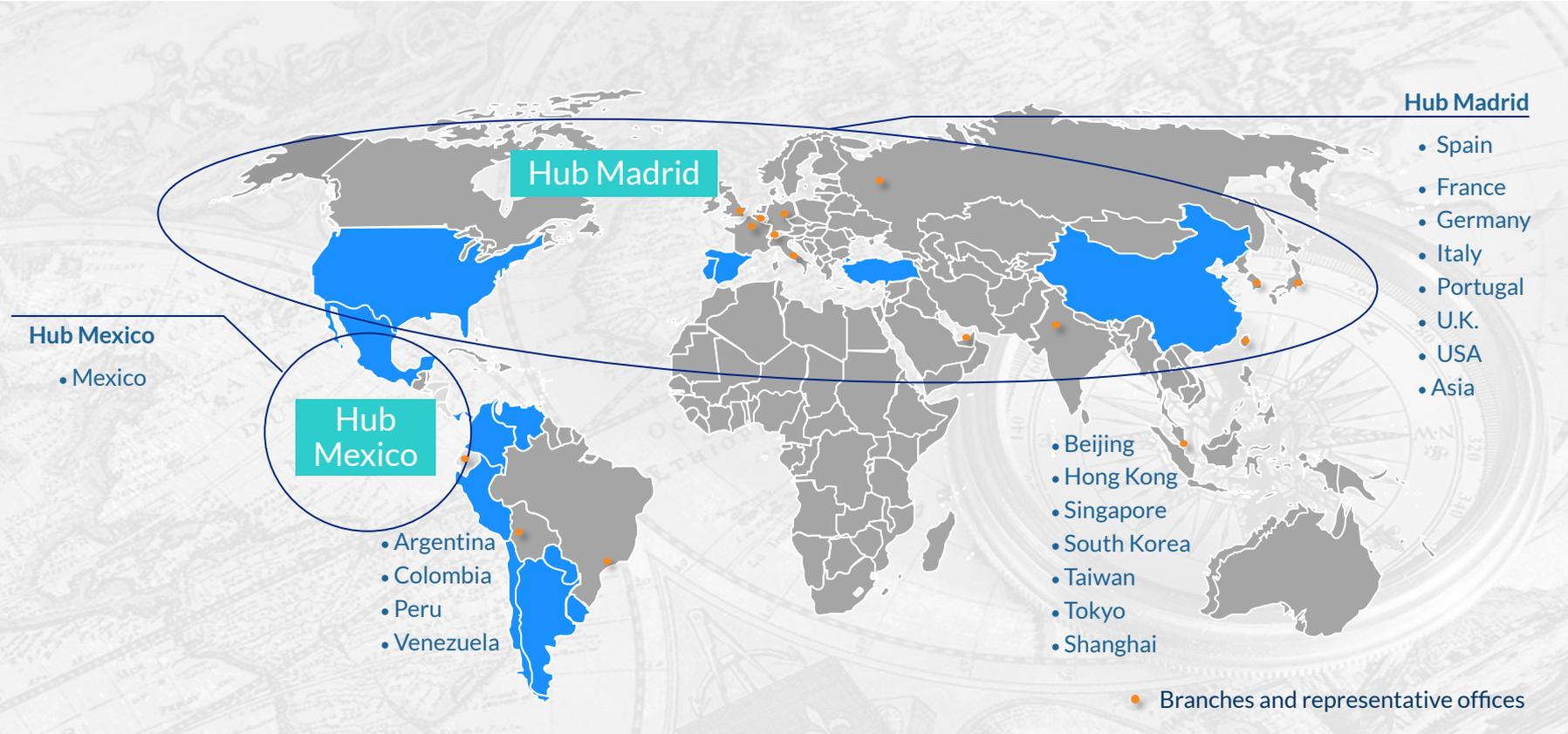
Why?

What?

How?

CIB Global Operations - Hub&Spoke model

Subsidiaries, Branches and Rep Offices





Who?

Why?

What?

How?

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



Who?

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Beyond common improvements provided by the new platform, it must address every area's specific concerns

New GMs Platform

Front Office

- Improve **risk management capabilities**
- Enhance trade **processing**
- Improve our **Balance Sheet Resources** management
- Enhance **scalability and sustainability**

Global Operations

- **Standardize and optimize our processes** through OTB functionality and system map rationalization
- **Reduce Operational Risk** through automation
- Provide **auto-service capabilities** to improve client service
- Ability to fulfill **regulator's requirements** (EMIR, MIFID, DFA...)
- **Mutualize** the use and cost of the platform

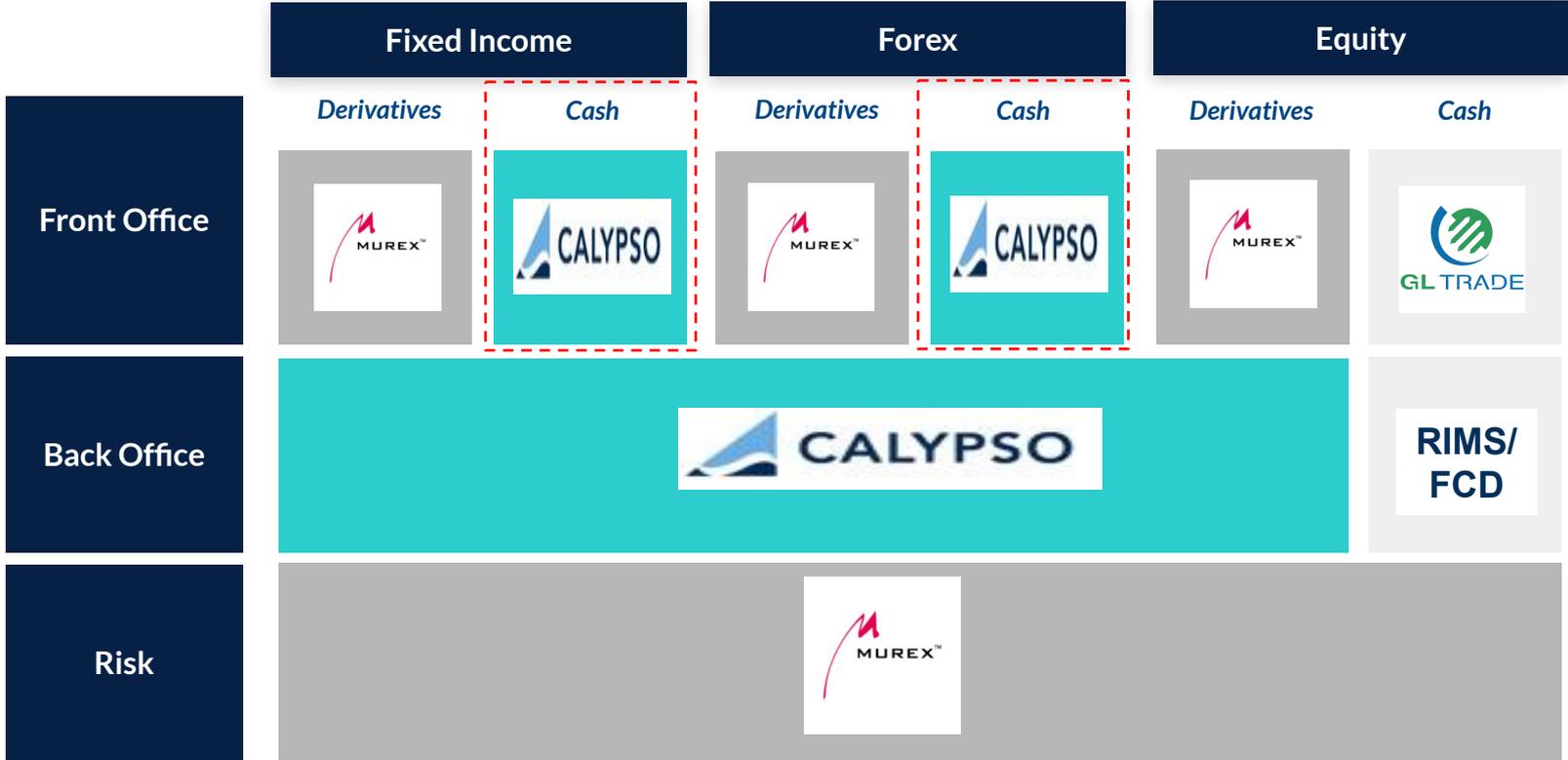
Risks

- **Front-to-Risk integration**
- **Regulatory compliance** roadmap
- **Performance and scalability**
- A **full Market Risk solution** is of the essence

IT

- Efficient upgrading and testing
- Enhancement and simplify the **Integration map**
- **System map rationalization**
- Establish a best practice **governance**

Target Systems Map





Who?

Why?

What?

How?

Our Journey



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

1

Clients

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,...)

2

Efficiency

Faster Cycles, Simplification, Lowest Costs, ONE BBVA (from fragmented digital product fronts into a single one)

3

Operational
Risk

Renewed Digital and Automated approach. Focusing on parameterization vs. development. Dynamic tasks prioritization.

Lessons learned

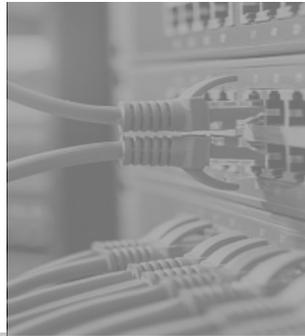
People

- Workforce strategy
- Freelance management
- Knowledge management



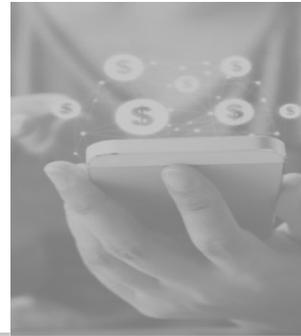
Technology

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



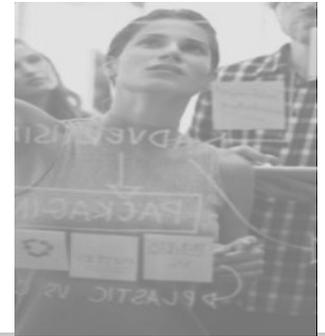
Process

- 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

