

BBVA

Creating Opportunities

BBVA Strategy on Bitcoin, crypto, DLT and digital currencies

ECB OMG

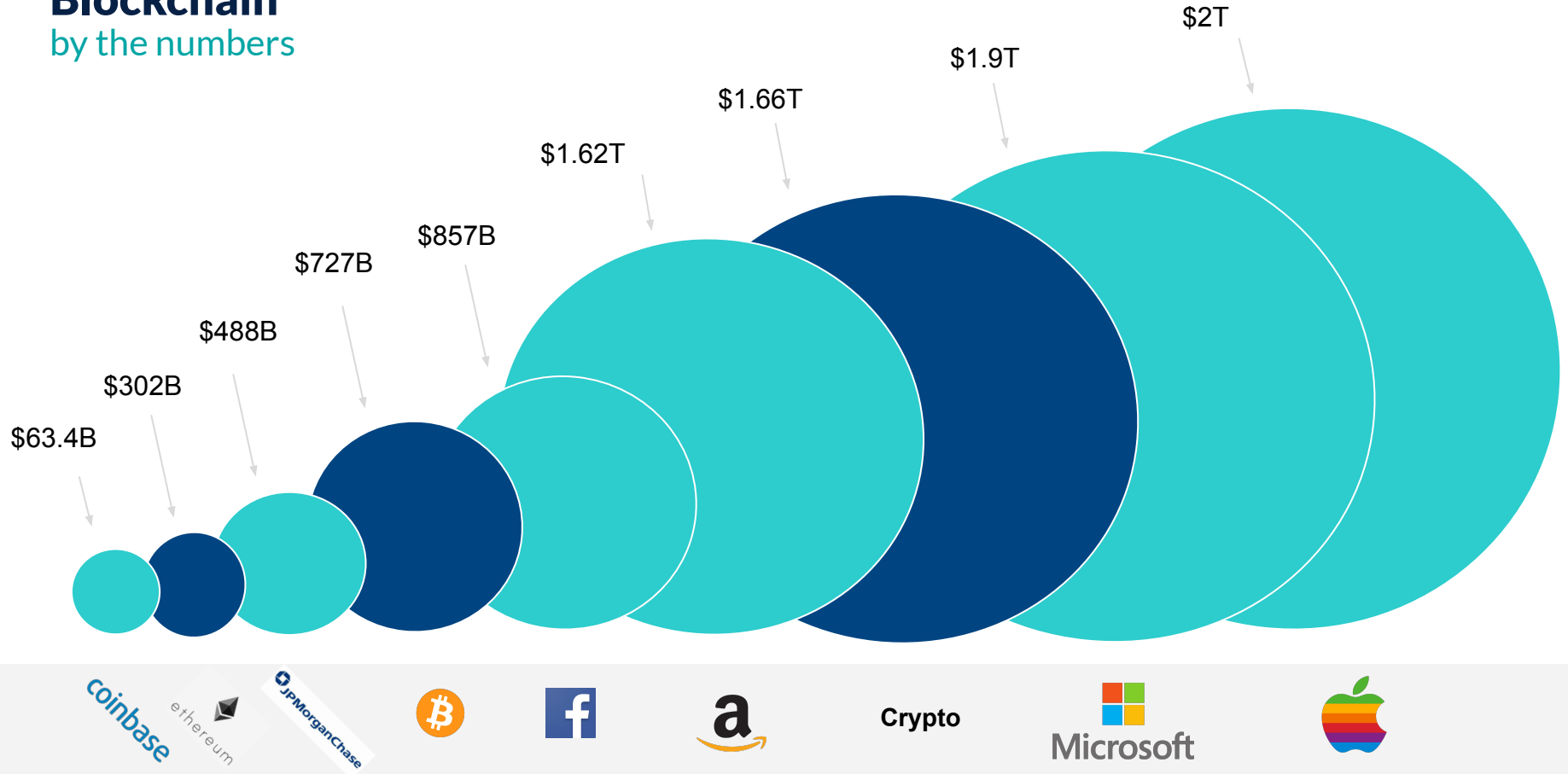


June 2021

01

Blockchain Main Trends

Blockchain by the numbers



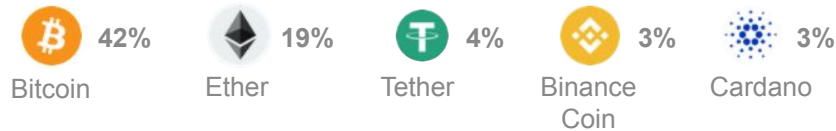
Crypto currencies market & players

Crypto market size and evolution

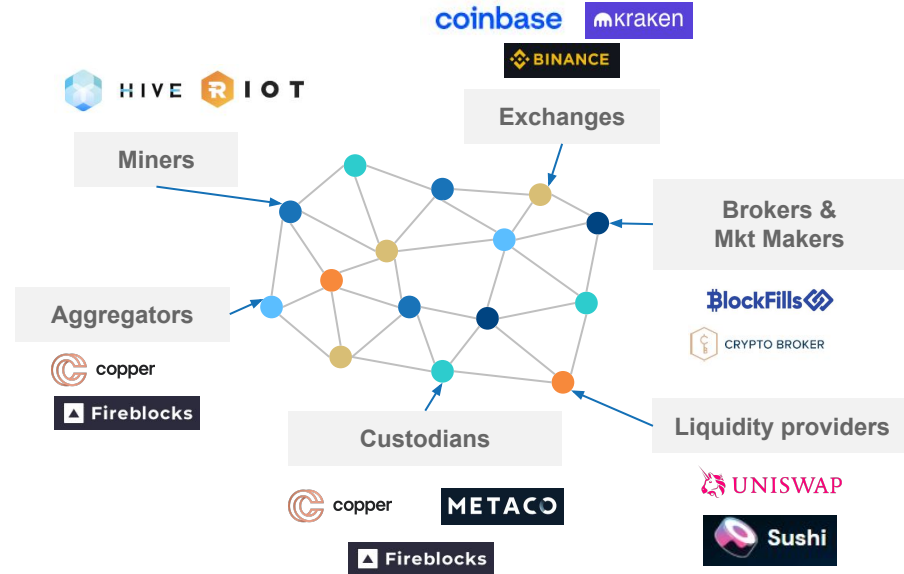
Data as of 26 of May 2021 – Source coinmarketcap.com



Main cryptos



Crypto market players



Fiat players are entering the space of custody and trading

Institutional segment



Private wealth segment

J.P.Morgan

WELLS FARGO

Morgan Stanley

Retail segment



Revolut



Regulators, market players and investors recent reactions to crypto



- Digital currencies could create risks for businesses and households by **fragmenting the payment system**. The response is **accelerating digital dollar (CDBC)** - Governor Lael Brainard.



- China **bans financial, payment institutions** from **cryptocurrency business** (>15% impact on BTC price). Also planning to ban crypto mining (>75% world mining)



BANCO DE ESPAÑA
Eurosistema

- CNMV and bank of Spain alert about the risk of investing in cryptocurrencies due to **their lack of transparency**



BANK OF JAPAN

- Most of the **trading is speculative and volatility** is extraordinarily high and it's **barely used as a means of settlement** - Governor Haruhiko Kuroda



- **No plans** to offer cryptocurrencies or stablecoins to its customers or open a **cryptocurrency trading desk**; confidence on **CBCs role** – CEO Noel Quinn



- Tesla will **no longer accept Bitcoin** over **climate concerns** - CEO Elon Musk (>10% impact on BTC price)



- Asset managers express **caution on cryptos after price swings**. Worried about high level of **speculation and volatility**; further regulatory focus expected



- Mutual funds with exposure to bitcoin futures “is a **highly speculative investment**” — Mutual funds involvement with cryptos will be subject to **intense scrutiny**

Decentralized Finance is growing exponentially

Growth in Decentralized Finance (DeFi): use of decentralized networks and open source to create products/services

Total value locked in DeFi marks new all-time high close to \$40B

Total value locked in decentralized finance has hit another milestone, but DeFi proponents would do well to look beyond the effects of the bull market on the gross metric.



DeFi Flipping Comes to Exchanges as Uniswap Topples Coinbase in Trading Volume

02

BBVA Blockchain Strategy

Blockchain Strategy built around three “E” pillars

EXECUTION, ECOSYSTEM, AND EXPERTISE



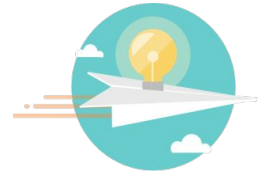
Execution

- End to end **digital interactions** by automation based on DLT
- Reinvent **processes** based on smart contracts
- **Develop** new business models to engage users, clients, colleagues and regulators



Ecosystem

- **Benefit** from talent and technical assets being developed by the community
- **Understand** the direction of regulators/key market infrastructures
- Anticipating disruption **impact** from decentralization



Expertise

- **Disseminate** knowledge through the organisation
- Create **deep expertise** in executing units
- Build **toolkits** for escalation

Our journey @ BBVA

Transactional Banking







Global Markets



Venture Capital






Asset Management

Crypto Trading and custody in BBVA Switzerland



Global Lending



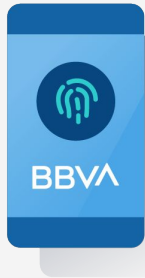




BBVA: Custody service



Custody



Cryptoassets supported:
Bitcoin and Ether

Investing



Buy & Sell

Through a broker
connected to the platform.

Transfers



Inbound & Outbound transfers

From/to the own client
addresses or between
BBVA CH clients

Traditional Private Banking



Multicurrency accounts

Access to a broader
investment universe,
reporting, lending, credit
cards, etc.

Learnings

**New risks
intrinsic to
crypto assets**

Technology

Compliance

Intrinsic
Crypto Assets Market

**Risks similar to
the existing**

Operational

Legal & Regulatory

Reputational

BBVA

Creating Opportunities

Q&A



Thank you!