

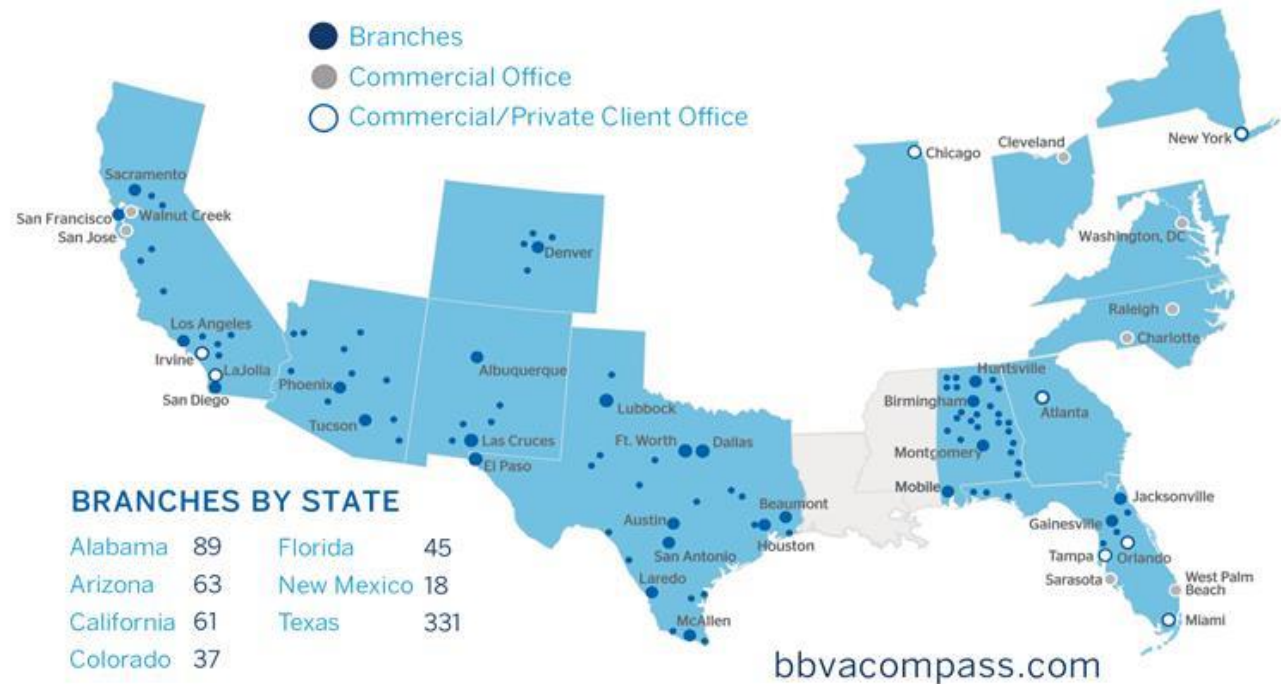
Community Development Finance

A division of Communications & Responsible Business/Presenter: Tiena Johnson-Hall CDF Manager

2019 TACDC Conference



A leading US franchise



\$91
Billion Assets

13
States

644
Branches

10,652
Employees (FTE)

**America's
Award-Winning
Mobile Banking App**



Key Takeaways



**Best US Regional Middle
Market - Southwest**

- 1 Strong financial position:** 2018 was a record year for BBVA Compass in terms of total revenue, operating income, net income and new loan originations
- 2 Solid capital position:** limited ability to return capital (dividends only, no share repurchases) enhances likelihood that regulatory capital ratios will remain at high levels
- 3 Higher degree of liquid assets:** higher degree of liquid assets than other regional peers given requirement to assist parent in meeting their higher Liquidity Coverage Ratio (LCR) requirement
- 4 Global and digital capabilities:** BBVA Compass is a member of the BBVA Group that has operations in more than 30 countries. As a leader in the digital revolution, technology is a key sustainable competitive advantage BBVA and BBVA Compass offers its clients

OUTSTANDING

Major Achievement in Responsible Banking:

The bank has received an **“Outstanding” CRA Rating** from the Federal Reserve Bank of Atlanta

- This marks our second improved rating since 2014
- The examination covered lending, investments and services during 2015, 2016 and 2017 under the Community Reinvestment Act (CRA)

The bank achieved “Excellent performance” for community development lending and investments impacting low to moderate income families and neighborhoods.

Our responsible banking efforts were cited as offering lending that was responsive to credit needs in all of the states we serve.

We were deemed a national leader in providing support for Community Development Financial Institutions (CDFIs), such as LiftFund, People Fund, CDC of Brownsville, ACCION and Low Income Investment Fund.

Often in a leadership position, our CRA investments demonstrated excellent responsiveness to community development needs.

Our employees engaged in thousands of community development service activities, totaling over 43,000 hours of volunteer service benefitting the people and places where we live and work.

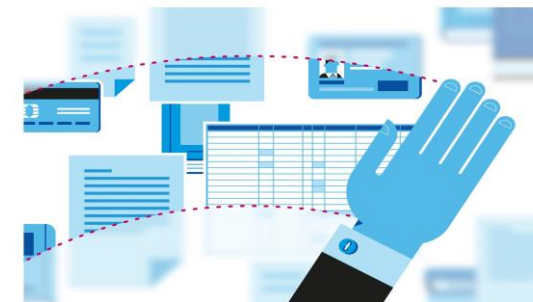
The Outstanding CRA Rating demonstrates how the bank delivers on our purpose:

We Bring the Age of Opportunity to Everyone

All accounts and credit are subject to approval including credit approval. BBVA Compass is a trade name of Compass Bank, a member of the BBVA Group. Compass Bank, Member FDIC.

Community Development Finance

Provide capital for projects and businesses benefiting low- and moderate-income communities



Equity Equivalent Investments – EQ2s

Equity - Stock Purchases

Loans - 2019

Certificate of Deposits – 2019

Retail Financial Services/via internal partners



Monitor Bank's CRA Investment Portfolio

Administer the FHLB AHP Competitive Program

Participate in Capacity Building Opportunities for CDFI Organizations provided by BBVAC



Community Development Finance Diversity of Capital Deployment (2015 - 2018)

Affordable Housing



\$36.8MM

Business/Microenterprise



\$19.9MM

Community Services



\$12.4MM

**Total
\$69.1MM**



CDF Portfolio (PE 12.31.18)

Primary Business Line/ Total Asset Size	Affordable Housing	Small Business/ Micro Enterprise	Community Service	Total
\$5MM to \$15MM	\$700M			\$700M
\$15MM to \$30MM	\$4.8MM	\$1.9MM		\$6.7MM
\$30MM to \$70MM	\$5.0MM	\$3.0MM		\$8.0MM
\$70MM to \$120MM	\$12.3MM	\$10.0MM	\$1.4MM	\$23.7MM
\$120MM to \$250MM	\$7.5MM	\$5.0MM	\$6.0MM	\$18.5MM
Greater than \$250MM	\$6.5MM		\$5.0MM	\$11.5MM
Total	\$36.8MM	\$19.9MM	\$12.4MM	\$69.1MM

BBVA Compass CDFI EQ2/Equity Program

EQ2s/Equity:

- ❑ Non Profit CDFIs

Equity/Stock Purchase:

- ❑ Non Profit CDFIs



Eligibility Requirements:

- Offered to Certified CDFIs only
- Services To Be Provided in BBVA Assessment Areas: "Best Efforts"
- 3 years operating history

EQ2 Product Highlights:

- 10 years w/ Evergreen Feature
- Below Market Interest Rate: (per rating & underwriting criteria)
- Interest only payments
- No documentation, administrative or legal fees
- Non Recourse; Subordinate = to other EQ2s
- Qtrl'y Covenant Impact Reporting

BBVA Compass Equity/EQ2 Program

Step 1: Checklist & Materials (on going)

- Checklist:
- Financial Statements
- Portfolio Report
- Loan investment and other policies
- Business Plan/Strategic Plan
- Staff/Board list & bios

Step 2: Underwriting Evaluation

- CAMEL Analysis
- Proprietary Rating & Sizing Grid
- Peer Comparison Analysis
- Site Visit

Step 3: Approval/Closing Process

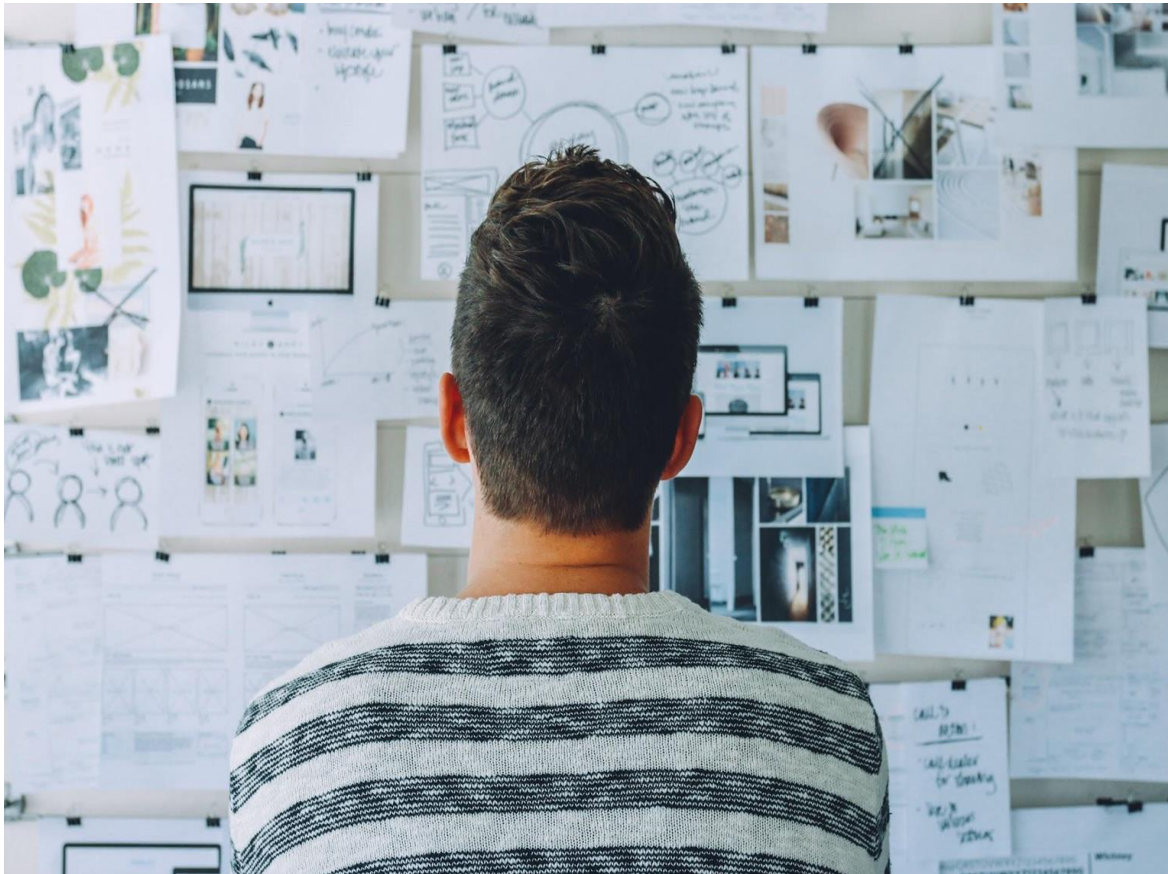
- 3 Review Steps
- Document Negotiation
- Closing Checklist:
- Corporate Resolutions
- Legal Opinion
- Certification
- Same Day Funding

BBVA Compass CDFI EQ2/Equity Program

Most Frequently Asked Questions During the Review Process:

- Who are the other investors?
- How do they plan to deploy the funds in our service areas?
- How is the organization capitalized?
- Can you explain changes/trends?
- Capital/Net Assets: Restricted, Temp Restricted; Perm Restricted?
- Asset Quality – Portfolio Performance & Portfolio Management
- Relationship ?





2018 -2019 Investments

- \$42MM in Investments to CDFI organizations/Complete 5 Year \$100 MM Commitment
- Focus on Economic Development & Community Service Activities
- CDF platform to include "high impact" needs i.e.:
 - Sustainable business
 - Small Business
 - Health care
 - Healthy Food Financing
 - Consumer Finance – Alternatives to Pay-Day Loans
 - Venture Capital
 - Water Treatment

Questions:

CD Finance Mailbox - cdfinance.us@bbva.com

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