

TRANSCRIPT OF INTERVIEW WITH BBVA CHAIR, CARLOS TORRES VILA

Esther Jiménez (EJ): Good morning, Carlos, and happy New Year!

Carlos Torres Vila (CTV): Good morning, Esther, and happy New Year to you, too!

EJ: Once again, it is a pleasure to have you here to go over the main milestones from 2023, to tell us what you expect in 2024, and what BBVA's challenges are. Whenever you're ready, we can begin.

CTV: Okay, let's get started.

EJ: What do you make of 2023? Has the bank met the expectations you shared last year?

CTV: They have been surpassed, Esther. Last year, I expected 2023 to be a year of growth, a year of creating opportunities for the bank and for all of our stakeholders, and this was the case, and even went beyond my expectations, as I said. Above all, I would underscore our greater contribution to society through the banking activity we carry out because we have managed to increase this activity, with more customers. We added 11 million new customers, to whom we provide a very important service in their lives or businesses. This has also led us to increase lending, which was growing at a rate of 8 percent in September. This is financing for vital projects, mortgages, financing for SMEs and for large companies.

Of this financing, a significant portion includes sustainable financing. The size of this opportunity surprised us yet again this year. We are on track to far surpass the target we set, a target, as you know, that we have raised twice, and we are on track to be well above it. It was also a year of BBVA consolidating its position as a bank of reference for high-growth entrepreneurial companies through BBVA Spark, which also expanded to new countries like Colombia and Argentina, in addition to Spain and Mexico. Without a doubt, it was a very good year in terms of the impact of our activity on the societies where we operate, precisely through our main activity.

In the financial arena, it was also a very good year. Higher profit - we haven't published the figures for the full year yet - but as of September, we were growing at a rate of 24 percent, with leading profitability and efficiency ratios in Europe and a strong capital position. All of this translates into good news for our shareholders. It was a year in which we also had share buybacks; part of these buybacks were extraordinary, a €1 billion of extraordinary buyback. Since we started to do share buybacks, we have reduced the number of shares by 12 percent, a very significant figure, and therefore, with a growing profit, with the number of shares reducing progressively, and a dividend distribution policy that remains constant, distributing between 40 and 50 percent of profit. We see how the dividend per share is clearly growing year after year. And we hope - we don't have the final figure for the year yet - that the dividend we pay our shareholders for the year 2023 will also be clearly higher, per share, than it was last year. And in the stock market, this also brings a lot of benefits. We are the bank that has appreciated the most in the Spanish stock exchange in 2023, more than double the average of our Spanish competitors and more

than double the average of our European competitors, as well. And if we take into account the higher share price and dividends, the increase in value per share for each of our shareholders was 57 percent in 2023.

EJ: And looking toward 2024, what prospects does the bank have in its main markets? What levers does it have in light of possible interest rate cuts?

CTV: Yes, as you said, Esther, the markets are forecasting that interest rates will gradually reduce. It's true that no one is predicting going back to the extremely low interest rates that we saw in the last decade, rather more normalized rates. What we see is that activity will continue to grow, slower than in recent years, but grow. In Spain, for example, we are expecting a 1.5 percent increase in economic activity, lower than in 2023, but growth. In other countries, like Mexico, we are expecting higher growth of close to 3 percent. In Mexico, we are seeing very good consumer behavior, and a significant benefit related to the geopolitical trends of bringing value chains closer to the markets. Mexico is greatly benefiting from being part of the integrated market with Canada and the U.S., and this is an important source of growth, apart from the country's potential due to the low levels of access to banking services. In other countries like Turkey, we see that there has been a radical shift in economic policies to correct the imbalances, including monetary policy, and it also has enormous potential over the long-term due to demographics, geographic location and also low levels of access to banking services. And in South America, it will be a year of slower growth, but we also see long-term potential. Beyond this context, at BBVA, what we have are leading franchises, which is the greatest strength. Franchises that, year after year, continue to demonstrate how they can attract customers, as I just mentioned, expanding their activity and having a positive impact on societies. And that is the greatest way to counteract any environment that may come, along with our strategy: a winning strategy around innovation and sustainability, which have been the two pillars that have defined the past few years and around which we will continue to work in the future. Without a doubt, 2024 will once again be a great year for BBVA, a year that we will continue to grow, having a positive impact on the societies where we operate and contributing to economic and social progress in all of them.

EJ: Precisely, a part of society in countries like Spain, does not look favorably on these results. What is your take on this?

CTV: Well, I think that we have to stop viewing profitable companies negatively because far from being a bad thing, it is good for society because it helps society prosper. And this is especially true in the case of banks due to the important work we do. One of the factors that contributes the most to long-term social and economic development is private investment. Private investment leads to economic growth and progress, but this investment requires financing. The financing is provided by banks and in order to do so, we need to be profitable. We need to attract capital that allows us to finance the investment and the capital only comes if there is profitability. Therefore, the more capable we are of increasing our activity, the greater the positive impact we have on the societies where we have a presence. And we can see this in different ways. One would be by looking at where our income goes. Put very simply, half of our income goes to three things: to paying the salaries of the 120,000 people who work for the bank; to paying our suppliers, which also generates economic activity; and to covering credit provisions. The other half of the income, which is the profit before taxes, is roughly distributed as follows: approximately one third goes

directly to paying taxes; another third we return it to our 800,000 shareholders, many of whom are families and small savers; and approximately the final third we allocate to reinvesting in our business so that we can continue to increase our lending and have a positive impact. And our ability to have a positive impact is highly motivating as we look toward 2024. It's something that makes me very proud to work for BBVA, and also very proud of everybody who works at the bank. I would like to thank them for their hard work every day, their constant support for customers; and through their work, for contributing to the economic and social progress of the societies where we operate, in all the countries where we are present.

EJ: Another one of the major social concerns is climate change. How has the bank progressed in its sustainability strategy and what will set the sustainable agenda in 2024, both for the financial sector and for BBVA?

CTV: Well, the first thing I would say is that decarbonization is proving to be a much greater business opportunity than we imagined because it transcends borders and impacts all sectors. And we saw this in 2023 with rising volumes, well above what we thought we would have, and we believe it will remain this way in the coming years. Beyond this, the bank set a goal of having zero emissions in 2050, which has translated into concrete decarbonization goals for 2030 in eight sectors - those with the most emissions. This year, we added two to this list: the aviation and shipping sectors. Then, the bank also invests in cutting-edge clean technology funds in order to be close to these developments and be able to finance them later, attempting to replicate the success we have had and continue to have with our investments in fintech funds. All of this has also reinforced the bank's positioning as a leading bank in sustainability. For the fourth year in a row we are the most sustainable bank in Europe, according to the Dow Jones Sustainability Index. And looking ahead, you asked me about trends. A very clear trend we see is how this opportunity impacts all sectors - not only large corporations, but also all small businesses and society as a whole, as it expands. This universalization requires industrialization of the solutions we provide, of sales capabilities, greater capillarity, as we already see that we have the possibility of channeling sustainable products through our sales networks. And a third important global trend is the importance being given to natural capital and biodiversity, the need to preserve, even restore and recover this natural capital and biodiversity. Those are the trends that we see.

EJ: And finally, in the innovation field, how could BBVA stand out from its peers in such a competitive environment?

CTV: If there is one thing that defines BBVA it is its commitment to innovation, which has been a fixture at the bank for many years and has brought us great satisfaction. We have many examples, the best app in the world and how this has led us to grow the business. Also in sustainability, where we have been very innovative. What we see is that we can continue down this path, harnessing technology and data. Technologies that are experiencing a lot of growth and developments, for example, artificial intelligence, so we can take the next step in advising our customers, helping them to better understand their finances, to make better decisions, to improve their experiences, and also for the bank to use technology to lower the cost of services because we can be more efficient and productive. We will continue on this path and we also believe that our commitment to innovation will help us continue to grow in terms of customers, activity, and results.

EJ: To conclude, is there anything you would like to stress?

CTV: Well, what we have been saying throughout the interview, Esther, is that 2024 will be another great year thanks to the positioning of the bank and our very clear strategy focused on what we just discussed: innovation, digitization and also on sustainability. And thanks to this great year, we will also be able to increase our positive contributions to progress and to the social and economic development of the societies where we have a presence.

EJ: Thank you very much.

CTV: Thank you.