

Transcript of the interview with Carlos Torres Vila

Question: Good morning, Carlos and Happy New Year.

Answer: You too, Esther. Happy New Year.

Q: It's a pleasure to have you back to reflect on BBVA's key milestones in 2024, look ahead to what you expect for 2025 and what BBVA will face this year. So... whenever you're ready.

A: Sure! Let's go.

Q: 2024 has just come to a close, how do you take stock of this year? And what do you think of the bank's performance over the past few years?

A: We are in a great moment, Esther. The macro environment is a help, but it is mostly down to our strategy: our focus on innovation, digitization and sustainability, and the far-reaching transformation the bBank has achieved, especially over the last decade. This has led, and leads us to be able to offer our customers better service at a lower cost. And I'm tremendously proud that we are the European bank with the best profitability ratios, as well as the greatest credit growth rates. This sets us apart from the rest. That's how it's been over the past few years, including 2024. Earnings grew 28 percent through the third quarter and our loan portfolio saw an 11 percent growth rate, credit growing at an 11 percent rate.

In short, Esther, we've far exceeded all the strategic goals we'd set for the period ending in 2024. It's been a very successful strategic cycle. I'd especially like to put the spotlight on our return on equity, which came close to 20 percent, and on the accumulation of our shareholders' equity, which grew at an annual rate of 18 percent, twice the figure we'd set as our goal. I'd also like to underline our customer acquisition. 2024 was yet another year, in which we acquired more than 11 million new customers. And it is also quite remarkable that we've achieved, a year ahead of schedule, our sustainable financing mobilization goal that we set at €300 billion for the whole period of 2018-2025, and we are already there by the end of 2024. Over the past few years, we also reaffirmed our commitment to create value for our shareholders. Considering dividends and share buybacks, we've distributed a significant amount since 2021 of around €15 billion. This includes the record interim dividend we distributed last quarter. Since early 2019, our shareholders have almost tripled the value of their investment with a total return that's way ahead of our European and Spanish competitors.

All these successes are the result of the hard work, commitment and dedication of the more than 120,000 professionals that work at BBVA. I'm very proud of them. I'd like to thank them for their great work and ask them to keep it up. I hope our success will encourage us to continue to do our best for our customers and work toward a more inclusive and sustainable future for everyone.

Q: It seems 2025 will be another year marked by uncertainty. What's your take on this?

A: It'll be a year of further growth, but, as you say, clouded by uncertainty in a very demanding environment. Europe, in particular, is at a crossroads. Europe needs to promote faster growth and strengthen its role in an increasingly fragmented world. To achieve this, we need a significant investment; more than €700 billion a year to upgrade infrastructures, surf the wave of the technological disruption we're experiencing and also the energy transition. To finance these resources we need to promote both the Capital Markets Union and the Banking Union. We, the banks, are the main source of funding of the European economy. Our key role is to mobilize the huge savings that Europe has toward the productive investments, I've mentioned. We need European banks to be much bigger and stronger to fulfill that role. Europe is falling behind in that respect. Among the world's 25 most valuable banks there are no banks from the Eurozone and I believe this is a challenge we must address. Regarding the countries where BBVA is present, we expect continued growth in

2025. Spain may see growth at lower rates, but still well ahead of Europe's growth rates. We also see further growth in Mexico given its proximity to the United States that offers a very significant advantage in terms of costs. Positive growth dynamics in other countries such as Turkey and Argentina, which have sustained hyperinflation and exchange rate episodes, but they are now both coming out of these crises. There is additional potential for growth and banking penetration in other South American countries, such as Colombia or Peru.

Q: In this context, what is BBVA's outlook for the future?

A: It's very good, sustaining the positive momentum I mentioned earlier as one of Europe's best banks across various dimensions. We see very positive dynamics in our business, such as credit growth in Spain and Mexico, and substantial improvements that should lead to long-term value in Turkey and Argentina. Also good credit quality. A proactive management of interest rates risk. In short, levels of profitability in 2025 that will be similar to those we've seen in 2024. And from a strategic point of view, we'll remain tightly focused on our customers. We will take a more radical view of putting ourselves in their situation to have a positive and profound impact on their lives, acting as the springboard that can help them achieve their dreams. We will support their drive to go further, both corporate customers and individuals. We'll place a special focus on growing in enterprise banking, where we see a great opportunity. Sustainability will continue to be a priority, given the great opportunity for growth through supporting our customers in their decarbonization process. We will seek to harness the potential of technology and artificial intelligence via data availability. And all of this will be driven by an empathetic, winning team that seeks to create value for everyone, including the bank's shareholders.

Q: What can we expect from the bank in terms of innovation in 2025? Specifically, what impact do you think artificial intelligence will have on customer experience and on the bank's internal transformation?

A: Artificial intelligence is a tool that will play a crucial role in moving forward, supporting our customers and delivering superior service. We've been working with AI for years. We've learned many valuable lessons that confirm its potential. In 2025, we aim to deliver a far more customized service experience to our customers using generative artificial intelligence, which will enable more seamless conversations and interactions between our customers and the bank. We'll also improve internal processes, which will translate into better customer service. Finally, we'll make more extensive use of artificial intelligence in our day-to-day management so that everyone at the bank can be more productive.

Q: The Banco Sabadell tender offer has been, without a doubt, one of the bank's greatest milestones of 2024. Why is this transaction being proposed? Are you confident it will go ahead?

A: This transaction is proposed because it's good for everyone: customers, shareholders, the employees of both banks and society at large. It's a commitment to our country's growth. It reinforces our focus on key territories, such as Catalonia and the Valencian Community. It's good for SMEs, for households, as it'll raise our lending capacity by €5 billion a year. Customers will have access to a bank that will combine the strengths of two great banks, with a greater physical and digital infrastructure, a wider product offer, and a global reach. The deal is good for employees, who will have enhanced career growth opportunities in a bigger bank with a broader scope. We've presented unprecedented remedies to Spain's Competition Authority (CNMC) to ensure financial inclusion, to secure loans availability for SMEs, and to guarantee competitiveness. We are fully confident the transaction will succeed, because it is an excellent deal for Banco Sabadell's shareholders. We're confident that Banco Sabadell's shareholders will appreciate the extraordinary combination of the two banks.

Q: Finally, any closing thoughts on how BBVA will approach 2025?

A: BBVA faces the incoming year with optimism and confidence to continue building a stronger bank, with an even greater capacity to support our customers and create value for all our stakeholders.

Q: Thank you, Carlos.

A: Thank you, Esther.