# Letter from the Chair

Dear shareholders,

In 2021 the world started to emerge from the pandemic and found its way back to growth: around 6.0% compared to a 3.2% contraction in 2020. At BBVA we posted our best recurring profit of the past decade, €5.07 billion, nearly doubling the figure from 2020, and we ended the year with a solid CET1 capital ratio of 12.75% - well above the regulatory requirement and our target range of 11.5% to 12.0%.

Thanks to these results and our strong capital position, we have increased the distributions to our shareholders quite considerably. On the one hand, through a €3.5 billion share buyback program - one of the largest in Europe. And on the other, through our dividend policy, which we have increased to 40% to 50% of our profit. The corresponding payment for 2021 will be €0.31 per share - the highest cash dividend of the past ten years. Taking into account the share buyback program and dividends, this amounts to a total of €5.5 billion.

We expect the recovery to continue throughout 2022, although the uncertainties remain elevated, especially in the wake of the Russian invasion of Ukraine. We are following the events with great concern and unease - not so much for the very significant economic effects, but for the human tragedy that comes with war - something we thought we had long overcome in Europe.

In addition to its immediate impact, the invasion will have important long-term repercussions geopolitically and in the global economy, affecting the relationship between blocs and international trade.

This ill-fated historical interruption comes at a time of an unprecedented wave of disruption driven by innovation and sustainability. New technologies like artificial intelligence, cloud computing, blockchain technology, the internet of things and major advances in the genetics and robotics field, are transforming the economy and will have a huge impact on all sectors.

Our pioneering commitment to digitization over a decade ago is an enormous competitive advantage that continues to bear fruit. Today, nearly 40 million customers use their mobile phones to do their banking, and practically three-quarters of the Group's total sales take place on digital channels. Furthermore, in 2021, 40% of the nearly nine million new customers signed up using digital channels - this figure was just 4% five years ago.

Innovation and digitization offer extraordinary advantages for society as a whole, but we all need to do our part to ensure that no one is left behind in the process. We need to be especially careful with vulnerable groups and make sure that the undeniable benefits that digitization provides reach everyone.

Thanks to data and technology, we can help our customers make better decisions with their money thanks to financial health features that offer personalized and proactive advice. This is the reason that BBVA is the unquestionable leader in Europe for digital experience on mobile banking for the fifth consecutive year, according to Forrester Research.

Our strategy and digital capabilities also allow us to grow in new markets. Our investments in digital banks such as Atom Bank in the United Kingdom, Solarisbank in Europe, Neon in Brazil, and our recent launch of a fully digital bank in Italy are all good examples.

At BBVA, we believe in innovation as a driver of growth. We want to be the bank of the companies that are defining the future.

The other main pillar of our strategy is sustainability - an area in which we have also been pioneers. It represents a key driver of growth for the Group.

The decarbonization of the economy is perhaps the most significant disruption in history. We have 30 years for our society to function without greenhouse gas emissions- an enormous challenge that requires drastic changes in our habits and behaviors. It also requires colossal investments, which some estimates put at 8% of global GDP every year for the next 30 years. This represents a figure of around $275 trillion. For this reason, decarbonization, apart from a challenge, is also an important source of opportunities.

We want to help our clients in their transition toward a sustainable, greener and more inclusive future. With this goal in mind, we already offer a wide range of sustainable products. In recent years, we have launched green products for the purchase of homes with maximum energy efficiency, special financing for the purchase of electric and low emission hybrid vehicles, special loans for the installation of solar panels or financing for sustainable projects in the agricultural sector.

Since we launched our Pledge 2025 in 2018, we have made significant progress. In 2021, we raised sustainability to the highest executive level of the organization. We also channeled €86 billion in sustainable financing - €35.4 billion in 2021 alone. This was also the year we doubled our target of channeling €200 billion through 2025.

In 2021, we also made progress in aligning our loan portfolio with the Paris Agreement on climate change in order to be carbon neutral by 2050. Not only in direct emissions - which has been the case since 2020, but also in indirect emissions - those of the clients we finance.

Furthermore, we have launched the most ambitious social plan to date. Along with our Foundations, we will devote a total of €550 million to social initiatives through 2025, and grant over €7 billion in micro-loans through the BBVA Microfinance Foundation.

Because of all this and much more, BBVA holds the top position in the Dow Jones Sustainability Index’s global banks ranking category, which is the world’s benchmark index for sustainability.

Without a doubt, we had a great year in a complex environment, and we look to 2022, confident in our strengths. Thanks to our financial standing, leading franchises in attractive markets and cutting-edge strategy, we are in an unmatched position to meet the ambitious goals that we have set for 2024: 42% cost to income, 14% ROTE, 9% average annual growth in tangible book value per share plus dividends, 10 million new target customers and €200 billion in sustainable finance through 2025.

All because we have the best and most committed team, as the U.S. consulting firm Gallup recognizes positioning BBVA as one of the 30 most exceptional places to work in the world.

At BBVA, we want to be catalysts for change in order to create a more inclusive and sustainable society that leaves no one behind. Our contribution to communities where we have a presence is an essential part of this commitment. Everything we do is guided by our purpose: "to bring the age of opportunity to everyone."

In 2022, we will continue to accompany our customers, supporting families and businesses, to have a positive impact on society while strengthening our profitable growth, which will in turn be reflected in an attractive return to you, our shareholders.

Thank you very much for your trust and support.

**Carlos Torres Vila**