

# Board of Directors Report

**on the proposed appointment of Jaime  
Félix Caruana Lacorte as independent  
director**

## Introduction

In accordance with article 3 of the Regulations of the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter, “**BBVA**” or the “**Bank**”), and in compliance with the provisions of article 529 decies of the Corporate Enterprises Act, the Appointments Committee is responsible for proposing appointments of members of the Bank's Board of Directors with the condition of independent directors.

Also, Article 3 of the Regulations of the Board of Directors, in compliance with the Corporate Enterprises Act, also states that the proposal by the Appointments Committee must be accompanied by a report explaining the grounds on which the Board of Directors has assessed the competence, experience and merits of the candidate proposed, which will be attached to the minutes of the General Shareholders' Meeting or of the Board of Directors' meeting.

To comply with this, the Board of Directors of the Bank has prepared the present report, which accompanies the proposed appointment of Jaime Félix Caruana Lacorte as member of the Board of Directors of the Bank with the category of independent director to be submitted to the Ordinary General Shareholders' Meeting of BBVA (hereinafter, the “**Report**”).

## Proposal of the Appointments Committee

To prepare the Report, the Board of Directors evaluated the proposal by the Appointments Committee of BBVA in accordance with point 4 of article 529 decies of the Corporate Enterprises Act and articles 3 and 33 of the Regulations of the Board of Directors of the Bank after analyzing the Board's current composition and needs, as well as the need for its members to have a diversity of knowledge, skills and experience to enable them to discharge their functions adequately, with directors having extensive national and international training and experience in areas such as banking and finance, accounting and risk, as well as legal, academic, business and new technologies.

In addition, the Appointments Committee, in the discharge of its duties and as part of the ongoing Board rotation process, has assessed the objectives laid down in BBVA's Board of

Directors selection, appointment, rotation and diversity policy, which include that of ensuring a balance between the different categories of Board members and that non-executive directors represent an ample majority over executive directors, and that the number of independent directors accounts for, at least, 50% of the total Board.

In this regard, the Committee has considered that independent directors help contribute to a suitable composition of the Board Committees, in particular those which assist the Board of Directors in its oversight and control duties, which must have a significant representation of independent directors, amongst whom the Chairs of these Committees must be appointed.

Furthermore, the Committee has assessed the conditions needed to hold the post of director of BBVA including the conditions attached to the status of Board member, education, professional experience and suitability, also assessing the time dedication required for holding the position and taking care that, in any case, the directors have the requisite suitability and independence requirements.

Accordingly, based on the current needs of BBVA's corporate bodies, the structure, size and composition of the Board, and the Board of Directors selection, appointment, rotation and diversity policy, the Appointments Committee considers that Jaime Félix Caruana Lacorte has the appropriate knowledge, skills and experience to hold the position of member of the Board of Directors, and meets the suitability requirements for this position, and thus the Committee agreed to propose to the Board, so that the Board, in turn, may propose to the General Meeting, the appointment of Jaime Félix Caruana Lacorte as independent director of the Bank.

## Competence, experience and merits

To issue this Report, the Board of Directors evaluated, as provided for in the aforementioned regulations, the competence, experience and merit, as well as the knowledge, of the proposed candidate in the following terms:

Jaime Félix Caruana Lacorte is a telecommunications engineer by the Universidad Politécnica de Madrid and is Commercial Technician and State Economist (*Técnico Comercial y Economista del Estado*).

Mr. Caruana has held during his professional career several positions of the highest responsibility in the financial and banking fields, both in the public and private sector, and both in Spain and abroad, highlighting especially his substantial international experience derived from his last posts that he has held at the Bank for International Settlements (BIS) as well as at the International Monetary Fund (IMF).

In this regard, Mr. Caruana has been, between 2009 and 2017, General Director of the BIS, an international financial organization that has amongst its members 60 central banks and which main purpose is to foster international cooperation amongst monetary authorities and financial supervisory bodies. Additionally, before holding such position he had been Chair of the Basel's Banking Supervision Committee between 2003 and 2006.

Also, between 2006 and 2009, Mr. Caruana was Head of Monetary, Capital Markets Department and Financial Counselor and General Manager at the IMF, an institution that gathers 189 countries and that has as main goal, amongst others, of fostering international monetary cooperation, fostering the exchange rate stability, facilitate the balanced expansion and growth of international commerce and establish multilateral payment systems for ordinary transactions eliminating exchange rate restrictions that difficult the expansion of international commerce.

In addition, he was Governor of the Bank of Spain between 2000 and 2006, having developed before that the position of General Manager of Banking Supervision at the Bank of Spain between 1999 and 2000.

Mr. Caruana has also held during his professional career several positions in the Spanish public sector, highlighting that of General Manager of Treasury and Financial Policy (1996-1999), as well as several positions at the General Directorate of Imports and in the Spanish Institute of Foreign Commerce (ICEX). And was commercial attaché at the Spanish embassy in the USA between 1984 and 1987.

Also, Mr. Caruana was General Manager and CEO of Renta 4 and of its investment funds manager between 1987 and 1996.

Finally, amongst other positions held by Mr. Caruana it must be noted that of Member of the Group of 30 (G-30) since 2003; Member of the Financial Stability Board (before, Financial

Stability Forum) (2003-2017); Member of the International Advisory Committee of CBRC (China Banking Regulatory Commission) (2004-2009); and non-executive director of the Spanish National Markets Commission (1996-1999).

As a result of the above, the Board considers that Mr. Caruana holds sound knowledge and experience in the financial and banking fields, in the global and sectoral economic environment of financial entities as well as in the national and international regulation that affects them.

The Board also assessed other experience and positions held currently and previously by Jaime Félix Caruana Lacorte as set out in the curriculum vitae attached to this Report.

## Conclusion

As a result of the above and considering the proposal submitted for this purpose by the Bank's Appointments Committee, the Board of Directors considers that Jaime Félix Caruana Lacorte has the necessary competence, experience and merits to propose his appointment to the Ordinary General Shareholders' Meeting of the Bank as member of the Board of Directors with the category of independent director for the three-year term specified in the Company Bylaws. The Board of Directors hereby issues this Report in accordance with the requirements of article 529 decies of the Corporate Enterprises Act.

Mr. Caruana's appointment is subject to the European Central Bank's verification of the regulatory suitability requirements for the exercise of the director's position. In addition, in compliance with the commitments assumed with the BIS, Mr. Caruana will not accept the position of member of BBVA's Board until June 1, 2018.

\* \* \*

## Mr. Jaime Félix Caruana Lacorte

Born in 1952

Spanish national

Telecommunications Engineer by the Universidad Politécnica de Madrid

Commercial Technician and State Economist (*Técnico Comercial y Economista del Estado*)

### Professional Background:

1979-1984	Ministry of Commerce. General Directorate of Imports, Subdelegation of Commerce and Spanish Institute of Foreign Commerce (ICEX)
1984-1987	Commercial Attaché in the Spanish Commercial Office in New York
1987-1996	General Director and Chief Executive Officer in Renta 4 and in its investment fund manager
1996-1999	General Manager of Treasury and Financial Policy, Bank of Spain's and Spanish National Securities Market Commission's director. Spanish representative in the Monetary Committee of the European Union and Director of the Spanish Net Equity Stakes ( <i>Sociedad Estatal de Participaciones Patrimoniales</i> )
1999-2000	General Manager of Banking Supervision at the Bank of Spain
2000-2006	Governor of the Bank of Spain and member of the Governing Council of the European Central Bank
2003-2006	Chair of the Basel's Banking Supervisory Committee
2006-2009	Head of Monetary, Capital Markets Department and Financial Counselor and General Manager at the International Monetary Fund (IMF)
2009-2017	General Director of the Bank of International Settlements (BIS)

### The following activities may also be highlighted:

2004-2009	Member of the International Advisory Committee of the CBRC (China Banking Regulatory Commission)
2003-2017	Member of the Group of Trustees of the Principles for Stable Capital Flows and Fair Debt Restructuring
2003-2017	Member of the Financial Stability Board (before, Financial Stability Forum)
Since 2003	Member of the Group of 30 (G-30)
Since 2011	Sponsor ( <i>patrono</i> ) of the Aspen Institute España Foundation