

**Report by the
Appointments and
Corporate Governance
Committee**

**Re-election of Ms. Susana Rodríguez
Vidarte as an external director**

29 January 2020

1. Regulatory framework and procedure

■ Regulatory framework

Article 529 decies of the Spanish Corporate Enterprises Act establishes, in section 4, that the proposal for the appointment or re-election of the members of the Board of Directors is the responsibility of the appointments committee, if they are independent directors, and of the board itself in other cases.

In section 5 of the aforementioned article, it is also established that in each case, the proposal must be accompanied by a supporting report by the board detailing the skills, experience and merits of the candidate proposed.

In line with the above-mentioned Act, the Regulations of the Appointments and Corporate Governance Committee of Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter **BBVA** or the **Bank**) establish, in sections 1 and 5 of article 5, that the Appointments and Corporate Governance Committee (hereinafter the **Committee**) is responsible for:

- Submitting proposals for the appointment, re-election or removal of independent directors to the Board of Directors of the Bank (hereinafter the **Board** or **Board of Directors**) and reporting on proposals for the appointment, re-election or removal of other directors.

To this end, the Committee will evaluate the balance of knowledge, skills and experience of the Board of Directors, as well as the conditions that the candidates must meet to cover the vacancies that arise, evaluating the dedication of time considered necessary so that they can adequately carry out their duties, according to the needs of the Corporate Bodies at any given time.

- Analysing the suitability of the members of the Board of Directors.

In accordance with the provisions of Article 3 and 17.1c)(i) of its Regulations (hereinafter the **Regulations of the Board of Directors** or **Regulations**), the Board of Directors is itself responsible for the appointment of directors by co-opting and the proposal to the General Shareholders' Meeting for the appointment, ratification, re-election or removal of directors (on the proposal of the Appointments and Corporate Governance Committee in

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the case of independent directors, and following a report from this Committee in other cases).

■ Procedure

Within the framework of its assigned functions, the Committee has analysed the potential re-election of Ms Rodriguez Vidarte as an external director of the Bank, given that the three-year statutory term for her position, for which she was last re-election in March 2017, would come to an end at the 2020 BBVA Annual General Shareholders' Meeting.

In relation to this, the Appointments and Corporate Governance Committee has analysed the proposal for her re-election, based on (i) its analysis of the Board of Directors' structure, size and composition, carried out in accordance with the provisions of the Regulations of the Committee; (ii) the applicable regulations, including the Regulations of the Board of Directors and those of the Committee; and (iii) the BBVA Board of Directors selection, appointment, rotation and diversity policy.

In line with the foregoing, the conclusions of the analysis carried out by the Committee are described below in this report (hereinafter the **Report**), which has been structured as follows:

- Structure, size and composition of the Board;
- Review of the suitability of ;
- Analysis of her status as an external director of the Bank and of the absence of incompatibilities, prohibitions or limitations to fulfil the directorship; and
- The Committee's conclusions on the foregoing issues and the favourable report submitted to the Board of Directors concerning the re-election of Susana Rodríguez Vidarte as a member of the Board of Directors, with the status of external director.

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2. Structure, size and composition of the Board

The composition of the Board of Directors brings together directors with broad experience and knowledge of the financial and banking sector with other directors who have experience and knowledge in the other areas also of interest to the Bank and its Group, such as audit, risk management and control, legal and academic fields, multinational enterprise, public institutions, digital businesses and technology, both at the national and international level. This allows the Board as a whole to be appropriately composed and possess sufficient knowledge of the environment, activities, strategies and risks of the Bank and the Group, helping it to enhance its operation.

Together with this diversity of profiles and expertise, the Board and the Committees (hereinafter the **Corporate Bodies**) include directors with a broad range of experience in the Corporate Bodies, which gives them in-depth knowledge of the Bank and its businesses at both the national and international level and facilitates the progressive renewal process of the Corporate Bodies, which entails the inclusion of new profiles with lesser knowledge of the Bank without affecting the proper operation of the Corporate Bodies.

The above, also taking into account the objectives set out in the BBVA Board of Directors selection, appointment, rotation and diversity policy, including those to ensure that the selection procedures do not involve discrimination in the selection of directors, seek to ensure that in 2020 the number of female directors equates to at least 30% of the members of the Board, and that the number of non-executive directors is greater than the number of executive directors, seeking to ensure that at least 50% of all directors are independent directors.

In the framework of the annual assessment of the Board of Directors carried out for the 2019 financial year, and in accordance with the function established in Article 5.4 of its Regulations, the Appointments and Corporate Governance Committee has analysed the current structure, size and composition of the Corporate Bodies, including the requirement for the members thereof to have the diverse knowledge, skills and experience needed to facilitate their proper operation.

Furthermore, during the 2019 financial year, the analysis by the Appointments and Corporate Governance Committee has been supported by a "skills and diversity matrix",

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developed to help identify the existing skills, characteristics and experience of the Board of Directors, as well as to identify the areas that needed to be strengthened in the future.

As a result of the foregoing, the Committee considers it necessary that the Corporate Bodies include directors with adequate skills in areas such as banking and financial services; accounting and audit; risk management; innovation and information technology; macroeconomic strategy and environment; human resources and compensation; institutional, legal and regulatory; and corporate governance and sustainability; and who have had extensive training and past professional experience at both national and international levels.

3. Suitability analysis

Ms Rodriguez Vidarte's suitability for the position of BBVA director has been evaluated by the BBVA Appointments and Corporate Governance Committee, in accordance with the applicable regulations, primarily Article 24 et seq. of Act 10/2014 of 26 June, on the regulation, supervision and solvency of credit institutions (hereinafter the **LOSS**) and Article 29 et seq. of Royal Decree 84/2015, of 13 February, which implements the LOSS (hereinafter the **RDOSS**); as well as the provisions of Article 2.3 of the Regulations of the Board.

The following paragraphs in this section describe the Committee's analysis of Ms Rodriguez Vidarte's compliance with the suitability requirements provided for in the aforementioned regulations, that is, (i) to possess recognised business and professional repute; (ii) to have the adequate knowledge and experience to carry out her duties; and (iii) to be in a position to exercise good governance of the company.

3.1. Knowledge and experience

The Committee has analysed and evaluated Ms Rodriguez Vidarte's knowledge, professional and personal skills and experience, in light of the information at its disposal, and that shown to the Corporate Bodies over the years in which she has served as a director of the Bank.

In this respect, it should be noted that Susana Rodríguez Vidarte holds a Doctorate in Economics and Business Administration from the University of Deusto and since 1995, she

has been a Professor of Strategy at the Faculty of Economics and Business Administration at the University of Deusto.

She has extensive experience in the academic field in a reputable institution such as the University of Deusto and it is worth highlighting in this regard, in addition to that set out in the paragraph above, that she was Dean of the Faculty of Economics and Business Administration, between 1996 and 2009, Director of the Instituto Internacional de Dirección de Empresas (INSIDE), between 2003 and 2008, and Director of the Postgraduate Area at Deusto Business School, between 2009 and 2012.

She has also been a non-practising member of the Institute of Accounting and Accounts Auditing since 1989, and is now part of the Board of Trustees of the Luis Bernaola Foundation and the BBVA Microfinance Foundation. She was also a member of the Board of Trustees of the Deusto Foundation and of the Board of Directors of the Basque Institute of Competitiveness until 2004 and 2009 respectively.

With regard to her experience on the Bank's Board, she was appointed on 28 May 2002, and she is currently a member of the Executive Committee (since 2013), the Appointments and Corporate Governance Committee and the Risk and Compliance Committee; and she has also been a member of the Audit Committee. She therefore has an in-depth knowledge of the Bank's activity and business from the different viewpoints that are analysed by the various Corporate Bodies.

Summary information on Ms Rodríguez Vidarte's training, professional experience and other occupations can be found in the CV included as an **Annex** to this Report, prepared in accordance with the information available to the Bank. This will be made available to shareholders when the next Annual General Shareholders' Meeting is called.

In light of the above, the Appointments and Corporate Governance Committee holds in great esteem the merits and excellent academic and professional background of Ms Rodríguez Vidarte.

Thus, it firstly highlights Ms Rodríguez Vidarte's extensive academic and institutional activity over the years, having held positions of the highest academic level in an institution that is highly regarded.

Her career path within the Bank is also particularly noteworthy due to her ample knowledge and vast experience that she has acquired over the years regarding the institution, its business, its activities and its circumstances.

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Accordingly, it is the Committee's opinion that Ms Rodriguez Vidarte's broad knowledge and experience of the Group, which she has acquired and demonstrated over the years, makes her a significant asset to the Board, contributing to the proper performance of functions by the Corporate Bodies.

The Committee particularly appreciates the dedication and absolute availability shown by Ms Rodriguez Vidarte in the fulfilment of her duties as a member of the Board and its various committees; as well as her knowledge and embracing of the Bank's culture and values, which also facilitates their transfer to both Group executives who interact with the Corporate Bodies and newly appointed members to the Board of Directors.

In addition to the above, the re-election of Ms Rodriguez Vidarte would directly contribute to the achievement of the objectives set out in the Policy aiming to ensure that in 2020 at least 30% of the directors on the Board are female, thus making headway in terms of increasing the presence of the underrepresented sex on the Board of Directors.

For all the above reasons, the Committee considers that Ms Rodriguez Vidarte has the requisite knowledge and experience to be a BBVA director and that directors like Ms Rodriguez Vidarte, with a wealth of experience on the Board, facilitate the Board's progressive rotation by sharing their knowledge and experience with new directors, and conveying the the Corporate Bodies's operation and their work culture.

3.2. Ability to exercise good governance

As for her being in a position to exercise good governance, the Committee appreciates, in relation to Susana Rodríguez Vidarte, that:

- It is not aware of any circumstances or situations that could create a potential conflict of interest that may present an impediment or difficulty to her performance of the role of BBVA director, in accordance with the provisions of both the applicable regulations and the Regulations of the Board.
- In her career at the Bank she has demonstrated a high level of dedication to the exercise of her functions and had full availability for the fulfilment of her role.

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3.3. Business and professional repute

Susana Rodríguez Vidarte has been registered in the Bank of Spain's Senior Managers Registry without interruption since 4 June 2002. Her business and professional repute has been regularly verified and, indeed, confirmed by the Board of Directors.

In addition, on the occasion of the re-election subject of analysis in this Report, the Appointments and Corporate Governance Committee conducted a new analysis of Ms Rodríguez Vidarte's fulfilment of the conditions of business and professional repute, concluding that she meets the necessary conditions to continue holding her position.

4. Status of the director and absence of incompatibilities, prohibitions and limitations

Susana Rodríguez Vidarte was co-opted as a BBVA director by a resolution of the Board of Directors dated 28 May 2002 and she has held this position since that time. Her appointment was later ratified by the BBVA Annual General Shareholders' Meeting, held on 1 March 2003.

The most recent re-election of Susana Rodríguez Vidarte as a member of the Board was agreed by the BBVA Annual General Shareholders' Meeting, held on 17 March 2017, which re-elected her as an external director.

Due to her career as a Bank director for more than twelve years, in accordance with Article 1.2 (i) of the Regulations of the Board, the Committee has concluded that if Ms Rodríguez Vidarte is re-elected, she would retain her current status of external director.

Finally, according to the information available to the Committee, Ms Rodríguez Vidarte is not known to be subject to any incompatibility, prohibition or limitation that would prevent her from fulfilling her directorship.

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5. Committee conclusions and report

As a result of the analysis carried out by the Appointments and Corporate Governance Committee, and in response to the needs of the Corporate Bodies in terms of their adequate structure, size and composition, as well as the provisions of the Board of Directors selection, appointment, rotation and diversity policy, the Appointments and Corporate Governance Committee considers that Susana Rodríguez Vidarte:

- Has the required recognised business and professional repute, knowledge and experience and capacity to exercise good governance, as established in the LOSS, the RDOSS and the Regulations of the Board of Directors, for her to hold the position of BBVA director and perform the corresponding functions.
- She possesses the appropriate knowledge, skills and experience, which enhance the diversity of knowledge, experience and gender within the Board of Directors, contributing to reinforce its overall suitability and ensuring its alignment with the current needs of the Corporate Bodies.
- She is considered an external director of the Bank, and is not known to be subject to any incompatibility, prohibition or limitation that would prevent her from fulfilling the directorship.

Consequently, the Appointments and Corporate Governance Committee has agreed to submit its favourable report to the Board of Directors to propose to the Bank's Annual General Shareholders' Meeting of the Bank the re-election of Susana Rodríguez Vidarte as a member of the Board of Directors, for the statutory period of three years, and with the status of external director.

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Board of Directors' Report

Re-election of Ms Susana Rodríguez Vidarte as an external director

10 February 2020

1. 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 Article 529 decies of the Spanish Corporate Enterprises Act, the Board of Directors is responsible for proposing the re-election of members of the Bank's Board of Directors who are not categorised as independent directors, following a report from the Appointments and Corporate Governance Committee.

The abovementioned article of BBVA's Regulations of the Board of Directors, in accordance with the Spanish Corporate Enterprises Act, also states that proposals must always be accompanied by a supporting report from the Board of Directors assessing the skills, experience and merits of the proposed candidate, which will be attached to the minutes of the General Shareholders' Meeting or of the Board of Directors meeting.

In order to comply with the above, the Bank's Board of Directors has prepared this report, which accompanies the proposal to re-elect Ms Susana Rodríguez Vidarte as a member of the Bank's Board of Directors with the status of external director, submitted to BBVA's Annual General Shareholders' Meeting (hereinafter the **Report**).

2. Report by the Appointments and Corporate Governance Committee

In order to draw up this Report, the Board of Directors assessed the report of the BBVA Appointments and Corporate Governance Committee, which was drafted in accordance with Article 529 decies 6 of the Spanish Corporate Enterprises Act and Article 3 of the Bank's Regulations of the Board, following an analysis of the current structure, size and composition of the Board.

Thus, the Appointments and Corporate Governance Committee has considered that the composition of the Board of Directors brings together directors with broad experience and knowledge of the financial and banking sector with other directors who have experience and knowledge in other areas also of interest to the Bank and its Group, such as audit, risk management and control, legal and academic fields, multinational enterprise, public institutions, digital businesses and technology, both at the national and international level.

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This allows the Board as a whole to be appropriately composed and possess sufficient knowledge of the environment, activities, strategies and risks of the Bank and the Group, helping it to enhance its operation.

Together with this diversity of profiles and expertise, the Board and the Committees (hereinafter the **Corporate Bodies**) include directors with a broad range of experience, which gives them in-depth knowledge of the Bank and its businesses at both the national and international level and facilitates the progressive renewal process of the Corporate Bodies, which entails the inclusion of new profiles with lesser knowledge of the Bank without affecting the proper operation of the Corporate Bodies.

In the framework of the annual assessment of the Board of Directors carried out for the 2019 financial year, and in accordance with the function established in Article 5.4 of its Regulations, the Appointments and Corporate Governance Committee has analysed the current structure, size and composition of the Corporate Bodies, including the requirement for the members thereof to have the diverse knowledge, skills and experience needed to facilitate their proper operation.

For this analysis, the Appointments and Corporate Governance Committee, also in the development of its duties, has analysed the objectives set out in the BBVA Board of Directors selection, appointment, rotation and diversity policy (hereinafter the **Selection Policy**). This included having a balance between the different classes of directors, so that the non-executive directors represent a broad majority vis-à-vis the executive directors, as well as seeking to ensure that the independent directors represent at least 50% of the total number of directors and that, in 2020, the number of female directors represents at least 30% of the total membership of the Board.

Furthermore, during the 2019 financial year, the analysis by the Appointments and Corporate Governance Committee has been supported by a "skills and diversity matrix", developed to help identify the existing skills, characteristics and experience of the Board of Directors, as well as to identify the areas that needed to be strengthened in the future.

As a result of the foregoing, the Committee considers it necessary that the Corporate Bodies include directors with adequate skills in areas such as banking and financial services; accounting and audit; risk management; innovation and information technology; macroeconomic strategy and environment; human resources and compensation; institutional, legal and regulatory; and corporate governance and sustainability; and who have had extensive training and past professional experience at both national and international level.

In this context, the Committee has taken into consideration the fact that Ms Rodríguez Vidarte's three-year statutory mandate as Bank director expires during the 2020 financial year. It therefore needed to consider the suitability of her re-election to that role. Consequently, the Committee re-analysed her knowledge, skills and experience, her ability to exercise good governance, her recognised commercial and professional reputation, her status as external director, and the absence of any incompatibilities, prohibitions or limitations with regard to the performance of the role.

On the basis of the above and based on the current needs of the Corporate Bodies, the structure, size and composition of the Board, and the Selection Policy, the Appointments and Corporate Governance Committee considers that Ms Susana Rodríguez Vidarte has the appropriate knowledge, skills and experience to serve on the Board of Directors, has the ability to exercise good governance of the Bank and fulfils the remaining suitability criteria required. The Committee also believes that her re-election would contribute to the diversity of knowledge, experience and gender within the Board of Directors.

All of this is stated in the Committee's report supporting Ms Rodríguez Vidarte's re-election, which has been made available to the Board of Directors.

3. Skills, experience and merits

In order to issue this Report, and as set out in the aforementioned regulations, the Board of Directors has assessed the skills, experience, merits, and knowledge of Ms Rodríguez Vidarte, for which it analysed the following profile:

Ms Susana Rodríguez Vidarte holds a Doctorate in Economics and Business Administration from the University of Deusto and since 1995, she has been a Professor of Strategy at the Faculty of Economics and Business Administration at the University of Deusto.

She has extensive experience in the academic field in a reputable institution such as the University of Deusto and it is worth highlighting in this regard, in addition to that set out in the paragraph above, that she was Dean of the Faculty of Economics and Business Administration, between 1996 and 2009, Director of the Instituto Internacional de Dirección de Empresas (INSIDE), between 2003 and 2008, and Director of the Postgraduate Area at Deusto Business School, between 2009 and 2012.

She has also been a non-practising member of the Institute of Accounting and Accounts Auditing since 1989, and is now part of the Board of Trustees of the Luis Bernaola

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Foundation and the BBVA Microfinance Foundation. She was also a member of the Board of Trustees of the Deusto Foundation and of the Board of Directors of the Basque Institute of Competitiveness until 2004 and 2009 respectively.

With regard to her experience on the Bank's Board, she was appointed on 28 May 2002, and she is currently a member of the Executive Committee (since 2013), the Appointments and Corporate Governance Committee and the Risk and Compliance Committee; and she has also been a member of the Audit Committee. She therefore has an in-depth knowledge of the Bank's activity and business from the different viewpoints that are analysed by the various Corporate Bodies.

Attached as **Annex** to this Report is her curriculum vitae, which summarises her aforementioned experience and positions held currently and in the past.

In light of the above, the Board of Directors holds in great esteem the merits and excellent academic and professional background of Ms Rodríguez Vidarte.

Thus, it firstly highlights Ms Rodríguez Vidarte's extensive academic and institutional activity over the years, having held positions of the highest academic level in an institution that is highly regarded.

Her career path within the Bank is also particularly noteworthy due to her ample knowledge and vast experience that she has acquired over the years regarding the institution, its business, its activities and its circumstances.

Accordingly, it is the Board's opinion that Ms Rodríguez Vidarte's broad knowledge and experience of the Group, which she has acquired and demonstrated over the years, makes her a significant asset to the Board, contributing to the proper performance of functions by the Corporate Bodies.

The Board particularly appreciates the dedication and absolute availability shown by Ms Rodríguez Vidarte in the fulfilment of her duties as a member of the Board and its various committees; as well as her knowledge and embracing of the Bank's culture and values, which also facilitates their transfer to both Group executives who interact with the Corporate Bodies and newly appointed members to the Board of Directors.

In addition to the above, the re-election of Ms Rodríguez Vidarte would directly contribute to the achievement of the objective set out in the Selection Policy, aiming to ensure that in 2020 at least 30% of the directors on the Board are female, thus making headway in terms of increasing the presence of the underrepresented sex on the Board of Directors.

For all the above reasons, the Board considers that Ms Rodríguez Vidarte has the requisite skills, experience and merits to be a BBVA director and that directors like Ms Rodríguez Vidarte, with a wealth of experience on the Board, facilitate the Board's progressive rotation by sharing their knowledge and experience with new directors, and conveying the the Corporate Bodies's operation and their work culture.

4. Conclusion

As a result of the above, taking into account the report issued for this purpose by the Bank's Appointments and Corporate Governance Committee, and in order to propose to the Bank's Annual General Shareholders' Meeting her re-election as a member of the Board of Directors with the status of external director, for the statutory period of three years, the Board of Directors considers that Ms Susana Rodríguez Vidarte has the necessary skills, experience and merits.

To this end, the Board of Directors issues this Report, in response to the requirements established by Article 529 decies of the Spanish Corporate Enterprises Act.

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Annex: curriculum vitae

Ms Susana Rodríguez Vidarte
Director

Born in 1955

Spanish nationality

She holds a doctorate in Economics and Business Administration from the University of Deusto

Professional experience:

She has spent the majority of her career in academia:

- | | |
|-----------|---|
| 1996–2009 | Dean of the Faculty of Economics and Business Administration at the University of Deusto |
| 2003–2008 | Director of the Instituto Internacional de Dirección de Empresas (INSIDE) |
| 2009–2012 | Director of the Postgraduate Area (Deusto Business School) |
| 1980 | Co-editor of the Boletín de Estudios Económicos |
| 1989 | Non-practising member of the Institute of Accounting and Accounts Auditing |
| 1995 | Professor of Strategy at the Faculty of Economics and Business Administration at the University of Deusto |

She is currently a member of the Board of Trustees of the Luis Bernaola Foundation and of the BBVA Microfinance Foundation. She was also a member of the Board of Trustees of the Deusto Foundation and of the Board of Directors of the Basque Institute of Competitiveness until 2004 and 2009 respectively.

She was appointed a BBVA director on 28 May 2002, position that she currently holds.