

# Board of Directors' Report

## Appointment of Mr Raúl Catarino Galamba de Oliveira as an independent 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 Appointments and Corporate Governance Committee is responsible for proposing the appointment of members of the Bank's Board of Directors who are categorised as independent directors.

The aforementioned article of BBVA's Regulations of the Board of Directors, in compliance with the Spanish Corporate Enterprises Act, also states that proposals by the Appointments and Corporate Governance Committee 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 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 appoint Mr Raúl Catarino Galamba de Oliveira as a member of the Bank's Board of Directors with the status of independent director, submitted to BBVA's Annual General Shareholders' Meeting (hereinafter the **Report**).

## 2. Proposal by the Appointments and Corporate Governance Committee

In order to draw up this Report, the Board of Directors assessed the proposal submitted by BBVA's Appointments and Corporate Governance Committee, formulated in accordance with Article 529 decies 4 of the Spanish Corporate Enterprises Act and Article 3 of the Regulations of the Board of Directors, having analysed the current structure, size and composition of the Board and having completed the timely selection process for directors, developed within the framework of progressive and constant renewal of the Bank's Corporate Bodies (hereinafter the **Corporate Bodies**).

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

[Report by the Board of Directors on the appointment of Raúl Catarino Galamba de Oliveira as an independent director](#)

*This English version is a translation of the original in Spanish for information purposes only. In case of a discrepancy, the Spanish original will prevail.*

and knowledge in other areas also of interest to the Bank and its Group, such as audit, risk management and control, the legal and academic field, 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.

The Committee also considers that independent directors contribute to the suitable composition of both the Board and the Board's Committees, in particular those that assist the Bank's Board of Directors in its supervision and control duties. These Committees must have a significant number of independent directors, from among whom their chairs must also be appointed.

As part of the annual assessment of the Board of Directors conducted for the 2019 financial year, and in accordance with the functions 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 its members to have the diversity of knowledge, skills and experience needed to facilitate its proper operation.

For this analysis, the Appointments and Corporate Governance Committee, also in the development of its functions, 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.

In this regard, in addition, in financial year 2019, the Appointments and Corporate Governance's analysis has been supported by a "skills and diversity matrix" of the Board of Directors, that has been elaborated in order to facilitate the identification of those skills, features and experience that the Board already has and those that would be appropriate to reinforce in the future.

As a result of the foregoing, the Committee considers that the Corporate Bodies must be made up of directors with adequate skills in the areas of banking and financial services; accounting and auditing; risk management; innovation and information technology; strategy and macroeconomic environment; human resources and remuneration;

[Report by the Board of Directors on the appointment of Raúl Catarino Galamba de Oliveira as an independent director](#)

*This English version is a translation of the original in Spanish for information purposes only. In case of a discrepancy, the Spanish original will prevail.*

institutional, legal and regulatory; and corporate governance and sustainability; and have a wealth of prior training and professional experience, at the national and international level.

Taking into account the above, the Appointments and Corporate Governance Committee, within the framework of the indicated process of progressive and constant renewal of the Board, has developed a selection process for directors, in order to identify the most suitable candidates to join the Board. This is done in accordance with the current needs of the Corporate Bodies, and taking into account the composition of these bodies, as well as the expiry of the mandate of some of the Bank's directors during the 2020 financial year.

This selection process has been developed with the utmost professionalism and independence, and in its development the diversity of experience, knowledge, skills and gender, and the absence of implicit biases that could involve any discrimination have been sought.

One of the main firms of international independent experts has also advised on the selection process of directors. It has assisted the Appointments and Corporate Governance Committee in its search for candidates and in its analysis of the most suitable profiles for the Bank and the Corporate Bodies.

In this regard, the Committee has analysed various candidates' profiles amongst which was included that of Mr Galamba de Oliveira, whereupon the Committee considered to examine in depth such profile in order to assess if he could be an appropriate candidate to be director of the Bank.

Thus, once the profile of Mr Galamba de Oliveira was known, the Committee proceeded to analyse the different aspects of the same, including among others, his knowledge, skills and experience to be able to be appointed a director of the Bank, his ability to exercise good governance, his recognised commercial and professional repute, the fulfilment of the requirements to be considered an independent director, as well as the absence of incompatibilities, prohibitions and limitations for the performance of the role.

On the basis of the above, in response to the current needs of the BBVA Corporate Bodies, the structure, size and composition of the Board and the Selection Policy, the Appointments and Corporate Governance Committee considers that Mr Raúl Catarino Galamba de Oliveira has the appropriate knowledge, skills and experience to carry out the role of member of the Board of Directors, with the ability to exercise good governance of the Bank, as well as possessing the remaining suitability requirements that are required. All this

[Report by the Board of Directors on the appointment of Raúl Catarino Galamba de Oliveira as an independent director](#)

*This English version is a translation of the original in Spanish for information purposes only. In case of a discrepancy, the Spanish original will prevail.*

considering, moreover, that his appointment would favour the diversity of knowledge, experience and gender within the Board of Directors.

In view of this, the Committee has resolved to propose his appointment as an independent director of the Bank.

### 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 the proposed candidate, for which it analysed the following profile:

Mr Raúl Catarino Galamba de Oliveira is a graduate of Mechanical Engineering from IST (Instituto Superior Técnico — School of engineering and technology), Portugal, and holds a Master of Science (MS) in Mechanical Engineering, also from IST, and a Master's degree (MBA) from the Nova School of Business and Economics, Portugal.

Alongside his studies, Mr Galamba de Oliveira was a lecturer and researcher in Control Systems at the Instituto Superior Técnico in Lisbon, as well as a lecturer and researcher in Computer Science at the Catholic University of Portugal, also in Lisbon.

Since completing his studies and his career in academia, Mr Galamba de Oliveira's professional trajectory has been tied to the private enterprise and, in particular, McKinsey & Company, where he has developed a successful career for almost 30 years.

He was appointed as a partner just five years after joining the firm and was then appointed as Director of the Portuguese office.

In addition, he has held other important positions of responsibility during his time at the firm, including Managing Partner for Spain and Portugal; Managing Partner of Global Risk practice; member of the Global Shareholders Council; member of the Partner Election and Evaluation Committees; member of the Remunerations Committee; Chairman of the Global Learning Board; and Chairman of the "McKinsey on Risk" Global Editorial Board.

Throughout his career with the firm he has advised a wide variety of clients and, for the purposes of this Report, his close relationship with the financial sector, advising universal banks, private banks, insurance companies in Europe, Latin America and the Middle East, financial regulators and payment service institutions in Europe must be highlighted.

[Report by the Board of Directors on the appointment of Raúl Catarino Galamba de Oliveira as an independent director](#)

*This English version is a translation of the original in Spanish for information purposes only. In case of a discrepancy, the Spanish original will prevail.*

Mr Galamba de Oliveira is currently part of the non-profit organisations Fundação Manuel Violante and Nova School of Business and Economics Alumni Association.

Attached as **Annex** to this Report is his curriculum vitae, which summarises his experience and positions held currently and in the past, described above in general terms.

In light of the above, the Board of Directors highly values Mr Galamba de Oliveira's excellent career, which has close ties to the financial and banking sector. It highlights his experience in retail banking advisory services; asset management; wholesale banking; insurance; corporate and business strategy; business technology management; and risk management.

The Board also values the merits reflected by the numerous positions of responsibility held at McKinsey & Company.

Based on all the above, the Board of Directors has positively assessed the following points of his profile:

- His excellent academic background in engineering and business management.
- His distinguished career at a world-leading consulting firm, where he has taken on highly complex advisory work and held several senior positions involving decision-making at a global level; in particular, his leadership of the Global Risk Management practice and his membership of the Global Partner Election and Evaluation Committees.
- His outstanding and extensive practical experience from his previous position as a consultant for almost 30 years, advising financial institutions in both retail and wholesale banking, asset management and other business areas relevant to the Bank, such as insurance and payment services.
- His in-depth knowledge in the areas of competence especially relevant to the Bank, such as banking and financial services, corporate strategy and risk management, as well as knowledge of other areas linked to engineering and IT, which would strengthen the knowledge, skills and experience of the Corporate Bodies in line with their current needs.
- In addition to the above, appointing Mr Galamba de Oliveira as an independent director of BBVA would directly contribute to achieving the objective set out in the

Report by the Board of Directors on the appointment of Raúl Catarino Galamba de Oliveira as an independent director

*This English version is a translation of the original in Spanish for information purposes only. In case of a discrepancy, the Spanish original will prevail.*

Selection Policy of having independent directors account for at least 50% of the total number of directors and would strengthen the international profile of the Board.

## 4. Conclusion

As a result of the above, taking into account the proposal submitted 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 his appointment as a member of the Board of Directors, with the status of independent director, for the statutory period of three years, the Board of Directors considers that Mr Raúl Catarino Galamba de Oliveira 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.

The appointment of Mr Galamba de Oliveira is subject to verification, by the European Central Bank, of the regulatory suitability requirements for the performance of the duties as director.

\* \* \*

Report by the Board of Directors on the appointment of Raúl Catarino Galamba de Oliveira as an independent director

*This English version is a translation of the original in Spanish for information purposes only. In case of a discrepancy, the Spanish original will prevail.*

# Annex: curriculum vitae

## Mr Raúl Catarino Galamba de Oliveira

Born in 1964

Portuguese nationality

Graduate of Mechanical Engineering from IST (Instituto Superior Técnico — School of engineering and technology), Portugal

Master of Science (MS) in Mechanical Engineering-Systems from IST, Portugal

Master's degree (MBA) from the Nova School of Business and Economics, Portugal

### Professional experience:

1987–1990            Lecturer and researcher in Control Systems at the Instituto Superior Técnico of the Technical University of Lisbon, in Lisbon  
Lecturer and researcher in Computer Science at the Catholic University of Portugal in Lisbon

1990–2017            **McKinsey & Company**  
Partner since 1995 – European practice of Financial Services  
Director since 2000 – Global practice of Financial Services  
  
Other managerial responsibilities:  
Managing Partner for Spain and Portugal (2005–2011)  
Managing Partner of Global Risk practice (2013–2016)  
Member of the Global Shareholders Council (2005–2011)  
Member of the Partner Election and Evaluation Committees (2001–2017)  
Member of the Remunerations Committee (2005-2013)  
Chairman of the Global Learning Board (2006–2011)  
Chairman of the Global Editorial Board of "McKinsey on Risk" (2014–2017)

### Other occupations:

Since 2017            José de Mello Saúde (Member of the Board of Directors)  
Since 2019            José de Mello Capital (Member of the Board of Directors)

The company CTT - Correios de Portugal, S.A. (CTT) has published, on 7 February 2020, that the appointment of Mr Galamba de Oliveira as new member and non-executive chair of the board of directors will be proposed to the next annual general assembly to be held by said company.

*This English version is a translation of the original in Spanish for information purposes only. In case of a discrepancy, the Spanish original will prevail.*