

# Board of Directors' Report

## Appointment of Ms Ana Leonor Revenga Shanklin 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 abovementioned article of BBVA's Regulations of the Board of Directors, in accordance 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 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 appoint Ms Ana Leonor Revenga Shanklin 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 of the BBVA 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. It did this after carrying out an analysis of the current structure, size and composition of the Board and following the completion of the timely selection process of directors, developed within the framework of the process 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

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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, 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 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.

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;

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strategy and macroeconomic environment; human resources and remuneration; 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 Ms Revenga Shanklin, whereupon the Committee considered to examine in depth such profile in order to assess if she could be an appropriate candidate to be director of the Bank.

Thus, once the profile of Ms Revenga Shanklin was known, the Committee proceeded to analyse the different aspects of the same, including among others, her knowledge, skills and experience to be able to be appointed a director of the Bank, her ability to exercise good governance, her 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 Ms Ana Leonor Revenga Shanklin 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

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possessing the remaining suitability requirements that are required. All this considering, moreover, that her 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 her 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:

Ms Ana Leonor Revenga Shanklin is a graduate (BA) in Economics and Mathematics from Wellesley College in the United States, graduating magna cum laude. She completed a master programme (MA) in Economics at Harvard University in the United States, as well as a PhD in Economics, also from Harvard University, specialising in the areas of International Economics and Labour Economics. She also has a certificate in Human Rights from the Faculty of Law of the University of Geneva in Switzerland.

With regard to her professional experience, Ana Leonor Revenga Shanklin has undertaken much of it at the World Bank, having held several positions of responsibility within the institution. These positions include Senior Director Global Poverty and Equity Practice between 2014 and 2016, and Deputy Chief Economist in 2016 and 2017.

During her tenure at the World Bank, Ana Leonor Revenga Shanklin carried out technical and management functions throughout much of the world, including in Asia-Pacific, Europe and Latin America. She also held senior positions overseeing large teams, was responsible for the strategic direction of the World Bank's research programme, and fulfilled an advisory role to the World Bank's senior management team on issues relating to her field of expertise.

Prior to joining the World Bank, Ms Revenga Shanklin was an Economist at the Bank of Spain, as well as a Professor of International Economics at the Centre for Monetary and Financial Studies in Spain and a Researcher at the National Bureau of Economic Research in the United States.

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Currently, Ms Revenga Shanklin is a Senior Fellow at the Brookings Institution, Associate Professor at the Walsh School of Foreign Service at Georgetown University and President of the Board at the ISEAK Foundation.

Ms Revenga Shanklin has also been a member of the Board of Trustees of the BBVA Microfinance Foundation since 2019, Associate Researcher at the German Development Institute since 2017 and a member of the Advisory Panel of the Centre for European Policy Studies since 2017.

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 high esteem the merits and excellent academic and professional background of Ms Revenga Shanklin, highlighting her in-depth knowledge of the economic field on a global level, and the relevant positions she has held in agencies such as the World Bank. It also highlights her extensive experience in managing and directing high-impact projects linked to sustainability, social issues and social financing, which will contribute to the knowledge and analysis of these issues by the Corporate Bodies.

Specifically, the Board of Directors positively assesses the following aspects of her profile:

- Her academic background, particularly at one of the most prestigious universities in the world, where she acquired degrees of the highest level, also highlighting her graduation with high honours in the fields of economics and mathematics.
- Her research work throughout her career, mainly in the field of economic sciences, but also covering areas such as macroeconomics, the labour market and social and development issues, all of which is of a strong international and global nature.
- Her outstanding professional experience, of a strong international nature, comprises the field of relevant public administrations, non-profit entities, university institutions and, most particularly, the World Bank, where she has played key roles at an international and global level. She has worked on technical projects, advising governmental institutions from different countries, leading large teams from various countries and leading the strategic direction of certain programmes, also advising on the institution's first line of responsibility.

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- In this regard, her in-depth knowledge and extensive experience in the research, analysis and management of social and sustainability issues is emphasised, having held positions of utmost importance at the World Bank, leading projects related to poverty reduction, social financing, education, health, social protection and job creation and tax justice. It should be emphasised that she held the position of highest responsibility at the World Bank for managing issues related to poverty reduction and equity on a global level.
- Additionally, the appointment of Ms Revenga Shanklin as independent director of BBVA would directly contribute to the achievement of the objectives set out in the Selection Policy, of having a number of independent directors comprising at least 50% of the total number of directors. It would also ensure that in 2020 the number of female directors represent at least 30% of the total membership of the Board of Directors, thus making headway in terms of increasing the presence of the under-represented sex on the Board of Directors; and would also 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 her 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 Ms Ana Leonor Revenga Shanklin 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 Ms Revenga Shanklin is subject to verification, by the European Central Bank, of the regulatory suitability requirements for the performance of the duties as director.

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## Annex: curriculum vitae

### Ms Ana Leonor Revenga Shanklin

Born in 1963

Spanish nationality

BA in Economics and Mathematics, magna cum laude, Wellesley College, USA. MA and PhD. in Economics from Harvard University, USA. Human Rights certification, Faculty of Law, University of Geneva, Switzerland.

#### Professional experience:

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|-----------|--|
| 1986–1990 | Researcher on the Labour Studies Programme at the National Bureau of Economic Research, USA.         |
| 1992–1994 | Economist, Office of Monetary and Financial Studies, Bank of Spain                                   |
| 1993–1994 | Professor of International Economics at the Centre for Monetary and Financial Studies (CEMFI), Spain |

#### World Bank

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|-----------|--|
| 1994–2014 | Technical and management positions at the institution, held in East Asia and Pacific, Europe and Central Asia, Latin America and the Caribbean region. Until June 2014, she was Director of Human Development in Europe and Central Asia (as well as Acting Vice President for Poverty Reduction and Economic Management). |
| 2014–2016 | Senior Director Global Poverty & Equity  |
| 2016–2017 | Deputy Chief Economist   |

#### Other occupations:

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|------------|--|
| Since 2017 | Member of the Advisory Panel on Social Europe of the Centre for European Policy Studies, Brussels, Belgium |
| Since 2017 | Associate Researcher at the German Development Institute, Bonn, Germany                                    |
| Since 2018 | Senior Fellow at the Brookings Institution, USA  |
| Since 2018 | President of the Board at the ISEAK Foundation   |
| Since 2019 | Associate Professor at the Walsh School of Foreign Service, Georgetown University, USA                     |
| Since 2019 | Member of the Board of Trustees of the BBVA Microfinance Foundation.                                       |

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