

Board of Directors' Report

Re-election of Ana Cristina Peralta Moreno as independent director

15 March 2021

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 re-election of members of the Bank's Board of Directors who are classed as independent directors.

The aforementioned 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 the Board of Directors' meeting.

In order to comply with the foregoing, the Bank's Board of Directors has prepared this report, which is accompanied by the proposal for the re-election of Ana Cristina Peralta Moreno as a member of the Bank's Board of Directors, with the status of independent director, which is presented to the BBVA Annual General Shareholders' Meeting (hereinafter the **Report**).

2. Proposal by the Appointments and Corporate Governance Committee

In order to produce this Report, the Board of Directors considered the proposal of the BBVA Appointments and Corporate Governance Committee, which was drafted in accordance with Article 529 *decies* 4 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.

In accordance with the provisions of its Regulations, the Appointments and Corporate Governance Committee has analysed the current structure, size and composition of the Corporate Bodies, taking into account that these must remain balanced and adapted to the needs of these bodies at any given time, and that the Board, as a whole, must possess the appropriate knowledge, skills and experience to be able to understand the businesses,

activities and main risks of BBVA and its Group, and thus ensure its effective ability to make decisions independently and autonomously in the corporate interest of BBVA.

This analysis carried out by the Committee takes place within the framework of the progressive and orderly renewal of the Corporate Bodies developed by the Board, under which individuals with different profiles and experience are appointed as often as it sees fit, in order to increase diversity, as well as to ensure an appropriate rotation of the members of the Board of Directors, which ensures a balanced presence of directors with diverse experience on the Board. This renewal has led to the appointment of seven new directors in the last three years, placing the average experience of the directors in this body at around six years.

The analysis performed by the Committee also takes into account the forecasts and objectives set out in the applicable regulations, the regulations of the Corporate Bodies and in the BBVA Board of Directors selection, suitability and diversity policy (the **Selection Policy**).

As part of its analysis, the Committee takes into account the duration of the statutory mandate of the members of the Board and, in particular, that of the seven directors of the Bank whose mandate will expire on the occasion of the 2021 BBVA Annual General Shareholders' Meeting.

In addition, in its analysis, the Committee has taken into account the operation and performance of the Corporate Bodies in recent years, and especially its operation during the crisis generated by COVID-19, whereby the directors have shown great dedication to the Bank and where their knowledge, both within the environment and within the BBVA Group, has served not only for the proper development of the functions of the Corporate Bodies, but has also put the Group in a strong position to deal with the crisis.

Furthermore, in the analysis performed for the proposed re-election, the Committee has also taken into account the areas and matters that are of particular relevance to the Bank's strategy, activities and business, as well as the activities of the Corporate Bodies themselves, both at present and going forward.

Among the various sources of information used by the Committee to carry out its work, particularly noteworthy is the "matrix of skills and diversity" of the Board of Directors, developed by the Committee with a view to facilitating the identification of the skills, characteristics and experience that the Board already has, and those which could be strengthened in the future. This matrix covers skill categories, sectors and areas related to

banking and finance, as well as others that are of particular relevance to the Group's strategy and activities.

In this sense, this matrix covers areas such as banking and financial services; accounting and auditing; risk management; innovation and information technology; strategy and macroeconomic environment; human resources and remuneration; institutional, legal and regulatory; and corporate governance and sustainability.

Similarly, the matrix brings together the prior professional experience and career of directors in various areas such as the company, boards of directors, public administration and academia, among others, at both national and international level; and it also indicates the percentage of women and men on the Board.

In relation to the foregoing, the Committee has been able to confirm that the Board currently includes individuals with extensive knowledge and experience in the financial and banking field along with individuals who have experience and knowledge in each of the other areas analysed; it also notes that there is a diversity in the type of training undertaken and professional experience—both national and international—gained by the directors.

This diversity of the Board's skills, knowledge and experience has been strengthened following the in-depth process to renew the Corporate Bodies, which has been developed, with the appointment of seven new directors over the last three years. As a result, individuals who have been appointed have enabled the Board to strengthen its skills, knowledge and experience in areas of particular relevance to the Bank's strategy, business and activities.

In this regard, the Board currently comprises directors with diverse experience on the Board itself, combining recently appointed members with others who have experience in the Corporate Bodies, and who have significant knowledge of the strategy, business, activities and culture of the Group, as well as of its competitive, regulatory and supervisory environment. Similarly, their knowledge of the operational dynamics and working culture of the Corporate Bodies themselves is also noteworthy.

As such, these directors with experience on the Board facilitate the process of progressive renewal of the Corporate Bodies, which involves appointing new members with lesser knowledge of the Bank, without affecting its proper functioning, thus facilitating the flexible and efficient appointment of new directors to the working dynamics of the Corporate Bodies, ensuring the proper performance of their duties at all times.

The Committee also believes that independent directors contribute to the appropriate composition of both the Board of Directors and its Committees and, in particular, those that assist the Board in its supervision and control duties. These Committees must have a significant number of independent directors, from among whom the Chairs of these Committees must also be appointed.

Lastly, the Committee has verified that the current composition of the Board complies with the provisions of the applicable legislation, the Regulations of the Corporate Bodies and the objectives of the Selection Policy, updated in December 2020, in this regard. In addition to the foregoing paragraphs, it is worth noting that:

- There is adequate balance between the different types of directors;
- Non-executive directors account for 86.67% of directors (thus meeting the target of having a large majority of non-executive directors);
- Independent directors represent two thirds of the Board (thus meeting the target of having independent directors represent at least 50%); and
- Women currently represent one third of directors (thus meeting the specific target for 2020 and 2021 of having female directors represent at least 30%).

For the aforementioned reasons, in the Committee's opinion, the Board of Directors, as a whole, currently has an adequate and diverse composition with a thorough knowledge of the environment, strategy, activities, business and risks of the Bank and its Group, resulting in a balanced composition and adapted to the needs of the moment, thus contributing to ensuring that the functions of the Corporate Bodies are developed in the best corporate interest.

Based on the foregoing analysis, the Committee has taken into consideration that the 3-year statutory mandate for which Ms Peralta Moreno was appointed director on 16 March 2018 will expire in the 2021 financial year, and has determined that it is pertinent to consider the appropriateness of her re-election to that role for the statutory period of 3 years.

In this regard, the Committee has again analysed the knowledge, skills and experience of Ms Peralta Moreno, her capacity to exercise good governance, her recognised commercial and professional repute, her status as a non-executive director and as an independent director, as well as the absence of any incompatibilities, prohibitions and limitations to fulfil this role.

Thus, in view of the current needs of the Corporate Bodies, and as a result of what is indicated in the foregoing paragraphs, the Appointments and Corporate Governance Committee finds that Ana Cristina Peralta Moreno has the appropriate knowledge, skills and experience to fulfil the role of member of the Board of Directors; that she has the ability to exercise good governance of the Bank; and that she also possesses the other suitability requirements required of her. Moreover, it finds that she contributes to the diversity on the Board of Directors and that the Board has a large majority of non-executive directors and independent directors.

In view of all this, the Committee has agreed to propose her re-election as an independent director of the Bank.

3. Skills, experience and merits

For the issuance of this Report, and as set out in the aforementioned regulations, the Board of Directors has assessed the skills, experience and merits, along with the knowledge, of Ms Peralta Moreno, appointed director of the Bank on 16 March 2018. It has also analysed both her curriculum vitae, which is attached as an **Annex** to this Report, and her activities as a director in the Corporate Bodies during the years in which she has served as a member of the Board.

Firstly, the Board highly values his first-rate training and excellent professional experience gained prior to his appointment to the Bank's Board of Directors, as well as in relation to his current positions outside the Bank.

In this regard, it is worth noting that Ms Peralta is a graduate in Economics and Business Sciences, has a master's degree in Financial Management and that during her professional career, she has held various positions of significant responsibility in various institutions in the financial sector, having led areas of great importance in the banking sector.

All of her experience, which is reflected in her curriculum vitae (Annex) is noteworthy; of particular note is the fact that, in the last few years prior to joining the BBVA Board of Directors, Ms Peralta Moreno was Chief Risk Officer and a member of the Bankinter Management Committee (2004–2008), General Director of Risks and member of the Banco Pastor Management Committee (2008–2011), Senior Advisor at Oliver Wyman Financial Services (2012–2018), as well as independent director of Banco Etcheverría, Deutsche Bank SAE and Grupo Lar Holding Residencial.

Since joining the Board of Directors, Ms Peralta has shown that she has a broad knowledge of the Bank's strategy, businesses, activities, risks, regulatory environment and culture,

from the different perspectives that are the subject of analysis by the Corporate Bodies. Also, it is worth noting that she is currently part of the Audit and Remunerations Committees.

As such, in the years in which she has been part of the Bank's Corporate Bodies, Ms Peralta has been able to bring to them her extensive knowledge and experience in important areas such as accounting and auditing, risk management, human resources and corporate culture, or the banking and financial services sector itself, among others.

Ms Peralta has also contributed her dedication and availability to the Corporate Bodies, and has shown objectivity and independence of judgement in matters submitted to them for consideration over the years. She has, therefore, contributed to the proper functioning and performance of the duties of the Corporate Bodies.

All of the foregoing is of particular importance for the proper performance of the duties of the Corporate Bodies in their decision-making and supervision and control of the Bank's strategy, business, activities and risks in the complex global situation and current economic environment.

Furthermore, as an independent director of BBVA, Ms Peralta Moreno directly contributes to the achievement of the targets set out in the Selection Policy to have women representing at least 30% of the Board, to have a large majority of non-executive directors and to have independent directors representing at least 50% of all directors.

Accordingly, the Board deems Ms Peralta Moreno to have adequate knowledge, experience and merits to be a member of the Bank's Board of Directors.

4. Conclusion

As a result of the foregoing, 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 re-election 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 finds that Ana Cristina Peralta Moreno has the necessary skills, experience and merits to be a member of BBVA's Board of Directors.

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

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Annex: CV

Ms. Ana Peralta Moreno **Director**

Born in 1961

Spanish national

Degree in Economic and Business Sciences by the Universidad Complutense de Madrid

Master in Financial Management at the CEF (Madrid, Spain); Program for Management Development (PMD) at Harvard Business School; and Senior Management Program (PADE) at IESE

Professional Background:

1989-1990 Spanish Commercial Office in London, ICEX

Bankinter

1990-1994 Analyst at the Risks Area

1994-1998 Director of Asset Transactions. SME Division

1999-2002 Director of the Internet Office

2002-2004 Director of the Chairman's Office

2004-2008 Chief Risk Officer. Member of the Management Committee

Banco Pastor

2008-2011 General Director of Risks. Member of the Management Committee

Other positions

2012-2018 Senior Advisor at Oliver Wyman Financial Services

She has been independent director at Banco Etcheverría, Deutsche Bank, SAE and Grupo Lar Holding Residencial S.A.U.

She is currently independent director of Grenergy Renovables, S.A. and of Inmobiliaria Colonial, SOCIMI, S.A. and she is member of the Professional Board of ESADE.

She was appointed director of BBVA on 16 March 2018.