BBVA’s Corporate Governance

General Overview 2021

February 2022
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05  Risk management
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About BBVA
About BBVA

**OUR PURPOSE**

"To bring the age of opportunity to everyone"

**BBVA’s Corporate Governance**

**Digital Capabilities**

- Countries: >25
- Branches: 6,083
- Employees: 110,432
- Customers: 81.7 m

**Digital Sales**

- Digital customers: 41.8 m
- Mobile customers: 39.7 m

**PRV**

- Units: 73%
- PRV: 56%

**Financial Highlights**

- **Net attributable profit 2021**: €5,069 m
- **CET 1 FL**: 12.75%
- **Total assets**: €662,885 m
- **Loans and advances to customers - gross**: €330,055 m
- **Deposits from customers**: €349,761 m

Excluding non-recurring impacts (Discontinued operations and net cost related to the restructuring process). Reported results including these impacts: €4,653 m

**Sustainable Development and Direct Contribution to Society**

- **Doubling BBVA’s initial Pledge 2025**: €200 billion
- **Allocated to social programs 2021**: €106.3 m
- **Mobilized until Dec. 2021**: €86 billion
- **People and SMEs supported**: 44.2 m

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(1) Product Relative Value as a proxy of lifetime economic representation of units sold.
A well-diversified footprint with leading franchises in all markets

**BREAKDOWN BY BUSINESS AREA**

**TOTAL ASSETS**

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rest of Business</td>
<td>5.9%</td>
</tr>
<tr>
<td>South America</td>
<td>8.2%</td>
</tr>
<tr>
<td>Turkey</td>
<td>8.2%</td>
</tr>
<tr>
<td>Mexico</td>
<td>17.3%</td>
</tr>
<tr>
<td>Spain</td>
<td>60.4%</td>
</tr>
</tbody>
</table>

**GROSS INCOME**

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rest of Business</td>
<td>3.6%</td>
</tr>
<tr>
<td>South America</td>
<td>15.2%</td>
</tr>
<tr>
<td>Turkey</td>
<td>16.4%</td>
</tr>
<tr>
<td>Mexico</td>
<td>36.5%</td>
</tr>
<tr>
<td>Spain</td>
<td>28.4%</td>
</tr>
</tbody>
</table>

**LEADERSHIP POSITION**

<table>
<thead>
<tr>
<th>Region</th>
<th>Ranking</th>
<th>Market Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>#3</td>
<td>13.3%</td>
</tr>
<tr>
<td>Mexico</td>
<td>#1</td>
<td>23.8%</td>
</tr>
<tr>
<td>Turkey</td>
<td>#2</td>
<td>17.1%</td>
</tr>
<tr>
<td>Colombia</td>
<td>#4</td>
<td>10.3%</td>
</tr>
<tr>
<td>Peru</td>
<td>#2</td>
<td>21.5%</td>
</tr>
<tr>
<td>Argentina</td>
<td>#3</td>
<td>8.1%</td>
</tr>
</tbody>
</table>

(1) Figures exclude the Corporate Center.

(2) Spain based on BoS data (Nov’21) and ranking (Sep’21) by AEB and CECA; Mexico data as of Nov’21 (CNBV); South America (Argentina Sep’21, Colombia Oct’21 and Peru Nov’21). Ranking considering top peers in each country; Turkey: BRSB total performing loans among private banks (market share as of Sep’21 and ranking as of Jun’21).
**BBVA’s shareholders structure**

BBVA Group has a diverse shareholding base, both in terms of geographical area and type of investor. The stake held by international institutional investors represents over 50% of the share capital. The Bank’s free float accounts for 100% and none of the shareholders has a controlling interest.

*Table: Shareholders and Shares*

<table>
<thead>
<tr>
<th>NUMBER OF SHARES</th>
<th>Shareholders</th>
<th>Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>%</td>
</tr>
<tr>
<td>Up to 500</td>
<td>341,510</td>
<td>41.30%</td>
</tr>
<tr>
<td>501 to 5,000</td>
<td>381,597</td>
<td>46.15%</td>
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<tr>
<td>5,001 to 10,000</td>
<td>55,785</td>
<td>6.75%</td>
</tr>
<tr>
<td>10,001 to 50,000</td>
<td>43,159</td>
<td>5.22%</td>
</tr>
<tr>
<td>50,001 to 100,000</td>
<td>3,092</td>
<td>0.37%</td>
</tr>
<tr>
<td>100,001 to 500,000</td>
<td>1,410</td>
<td>0.17%</td>
</tr>
<tr>
<td>More than 500,001</td>
<td>282</td>
<td>0.03%</td>
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<tr>
<td></td>
<td><strong>826,835</strong></td>
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</tbody>
</table>
BBVA’s Corporate Governance System is designed to ensure sound and effective management and oversight of the Group

The Board, as the core element of this System, is leading the way to manage risks and opportunities, using as main levers:

Culture and values, promoted from the highest level of the Organization and guiding the achievement of our Purpose (see section 1)

An effective Corporate Governance System, including Group governance arrangements and effective parent-subsidiary relationship (see section 2)

A sound remuneration policy, aligned with our strategy and with prudent risk management (see section 3)

A well-defined strategy, with growth as its cornerstone, and a reinforced approach to sustainability, with clear commitments to integrate it into all our activities (see section 4)

A clear risk strategy and effective risk management (see section 5)

A robust internal control model (see section 6)

To deliver a unique value proposition along with solid financial returns

“To bring the age of opportunity to everyone”
**Corporate Culture and Values**

BBVA’s **Corporate Governance System** is a core instrument on which the Group relies to define and oversee the implementation of a clear strategy and a solid corporate culture and set of values that serve as key drivers to deliver on our Purpose.

<table>
<thead>
<tr>
<th>VALUE-DRIVEN ORGANIZATION</th>
<th>AGILE</th>
<th>MOST ENGAGED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer comes first</td>
<td>Kick-off in 2014 in Digital area in Spain, extended in 2018 across all areas and countries</td>
<td>GALLUP SURVEY 2016-2021</td>
</tr>
<tr>
<td>We think big</td>
<td>Over 30,000 employees working under Agile</td>
<td>Consistent YOY improvement</td>
</tr>
<tr>
<td>We are one team</td>
<td>3,91</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4,26</td>
<td></td>
</tr>
</tbody>
</table>

*To bring the age of opportunity to everyone*
With a clear impact on who we are...
**DIVERSITY & INCLUSION**

**Workforce ratio:** women representing

- 26.8% of Senior Management and
- 36.1% of management positions

**Clear initiatives launched** in order to promote a diverse and inclusive working environment

- Gender diversity targets at both area and country levels
- Working even more actively to include more women in talent recruitment processes and promotions (Rooney rule)

**COMPENSATION**

**Fair compensation** across all countries within the Group’s footprint

- 31.5% of technology and engineering positions
- 57.4% of business and profit generation positions

**Equal pay** for men and women, ensuring internal equity.

- Waiver of 2020 bonus by 300+ members of top management in response to the COVID-19 crisis and as a gesture of responsibility and commitment to society, our customers, shareholders and all of our employees

- As of December 2021 the pay gap by homogeneous professional categories in the Group was 0.6% (1.1% in 2020)

**Sustainability-linked KPI** in the remuneration scheme for all employees (focused on climate action for 2021)

- Initiatives to support the LGBTI community
- Collaborations to reduce inequality for girls and young women (“Inspiring girls”)
**WORKPLACE ENVIRONMENT**

Decent work for all

Attract and retain the best talent and preserve employment: high engagement levels

New global reskilling platform, dubbed “The Camp”, to keep employees up to date in new capabilities (59,600 employees enrolled)

Hybrid work model based on flexibility, a defining attribute of our Culture and Values, which allows us to reap the benefits of the remote and onsite work models.

Culture based on high performance, productivity, team empowerment and work-life balance (“Work better, enjoy life”)

**SOCIETY**

Response to COVID-19, as an example of our commitment to society

New Global Standard for responsible procurement and ethical code for suppliers

Community investment: New Community Commitment (2021 - 2025)
And a clear impact on our results...
## 2021 achievements

<table>
<thead>
<tr>
<th>Category</th>
<th>Key Figures</th>
</tr>
</thead>
<tbody>
<tr>
<td>SIGNIFICANT PROGRESS IN THE EXECUTION OF OUR STRATEGY</td>
<td></td>
</tr>
<tr>
<td>CUSTOMERS ACQUIRED</td>
<td>8.7 million</td>
</tr>
<tr>
<td>DIGITAL SALES(^3)</td>
<td>73.3%</td>
</tr>
<tr>
<td>SUSTAINABLE FINANCING</td>
<td>€35.4 billion</td>
</tr>
<tr>
<td>THE HIGHEST RECURRENT RESULTS IN THE PAST 10 YEARS</td>
<td></td>
</tr>
<tr>
<td>NET ATTRIBUTABLE PROFIT (^2)</td>
<td>€5.1 billion</td>
</tr>
<tr>
<td>OPERATING INCOME</td>
<td>+10.8% growth vs. 2020(^3)</td>
</tr>
<tr>
<td>LEADING EFFICIENCY WITH POSITIVE JAWS</td>
<td></td>
</tr>
<tr>
<td>EFFICIENCY RATIO (YTD)</td>
<td>45.2% in 2021</td>
</tr>
<tr>
<td>-53 bps vs. 2020</td>
<td></td>
</tr>
<tr>
<td>62.3% peers average (^4)</td>
<td></td>
</tr>
<tr>
<td>ACCELERATING PROFITABLE GROWTH AND VALUE CREATION FOR OUR SHAREHOLDERS</td>
<td></td>
</tr>
<tr>
<td>ROTE</td>
<td>12.0%</td>
</tr>
<tr>
<td>+10.1% growth vs. 2020</td>
<td></td>
</tr>
<tr>
<td>INCREASING SHAREHOLDERS’ DISTRIBUTIONS</td>
<td></td>
</tr>
<tr>
<td>THE HIGHEST CASH DIVIDEND IN THE PAST 10 YEARS</td>
<td>€31 cents/share(^5)</td>
</tr>
<tr>
<td>ONE OF THE LARGEST BUYBACK PROGRAMS</td>
<td>€3,500 million</td>
</tr>
<tr>
<td>(1) Digital Sales based on total units sold (^1)</td>
<td></td>
</tr>
<tr>
<td>(2) Net Attributable Profit excluding non-recurring impacts (discontinued operations and net cost related to the restructuring process) for comparison purposes. (^2)</td>
<td></td>
</tr>
<tr>
<td>(3) Growth in constant Euros (^3). (^4) European peer group: BARC, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, LBG, NWG, SAN, SG, UBS, UCG. Data as of 9M21. (^5) €8 cents already paid (gross) in Oct. 21 and €23 cents € (gross) in Apr.22 (to be proposed for the consideration of the governing bodies).</td>
<td></td>
</tr>
</tbody>
</table>

On track to achieve our ambitious long-term goals
Leading digital transformation, boosting customer acquisition

**DIGITAL LEADERSHIP**

**MOBILE CUSTOMERS**
(MILLION CUSTOMERS)

- 12.2 (2016)
- 39.7 (2021)

**DIGITAL SALES**
(% UNITS AND PRV)

- 25% (2016)
- 73% (2021)

**DIGITAL ADVICE**

- NPS (FINANCIAL
  HEALTH
  TOOLS USERS
  VS NON-
- MEW MORTGAGES
  SOLD USING
  BBVA VALORA
- NEW FUNDS
  SOLD USING
  BBVA INVEST
- 26.8%
- 27.0%

**ALL-TIMER RECORD CUSTOMER ACQUISITION**

NEW CUSTOMER ACQUISITION
(MILLION; % ACQUISITION THROUGH DIGITAL CHANNELS)

- TOTAL
  MILLION
  2016: 3.4
  2017: 4.6
  2018: 5.1
  2019: 6.9
  2020: 7.2
  2021: 8.7

- DIGITAL
  2016: 4%
  2017: 4%
  2018: 10%
  2019: 15%
  2020: 20%
  2021: 40%

(1) Includes USA, Paraguay and Chile until their sale. (2) Excludes units sold in USA, Venezuela, Chile and Paraguay. (3) Product Relative Value as a proxy of lifetime economic representation of units sold. (4) Gross customer acquisition through own channels for retail segment. (5) According to The Forrester Digital Experience Review™: European Mobile Banking Apps, Q3 2021.

Digital experience leader in European mobile banking five years in a row
Pioneering Sustainability

SUSTAINABLE FINANCING
(€BILLION)

2025 PLEDGE

€35.4 Bn CHANNELED IN 2021

200 €Bn

A CLEAR COMMITMENT IN PORTFOLIO ALIGNMENT TOWARDS NET ZERO 2050

2030 decarbonization goals set in CO₂ selected intensive industries\(^1\)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Reduction in 2030</th>
<th>Phase out(^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power</td>
<td>-52% kg CO₂e/MWh</td>
<td></td>
</tr>
<tr>
<td>Auto</td>
<td>-46% g CO₂/km</td>
<td></td>
</tr>
<tr>
<td>Steel</td>
<td>-23% kg CO₂/tn</td>
<td></td>
</tr>
<tr>
<td>Cement</td>
<td>-17% kg CO₂/tn</td>
<td></td>
</tr>
<tr>
<td>Coal</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) These sectors account for 60% of BBVA's global CO₂ emissions (Source: "International Energy Agency and UNEPI). (2) 2030 for developed countries and 20240 for emerging countries. (3) According to the Dow Jones Sustainability Index 2021. Sharing #1 position in ranking.

BBVA, top-ranking bank worldwide\(^3\)
02 Corporate Governance System
BBVA's Corporate Governance System

BBVA has a **solid and effective Corporate Governance System**, which is constantly evolving to adapt to the Bank’s strategy and to its particular circumstances and needs, always in line with the Corporate Culture and Values that define BBVA's identity.

This System is geared towards **promoting BBVA's objectives and the long-term interests** and has taken shape over time on the basis of the following pillars:

1. **An appropriate composition** of the governing bodies
2. A clear distribution of **functions and interaction** among them and with Management
3. A sound **decision-making** process and a robust informational model
4. A comprehensive monitoring, **oversight and control** system; and
5. A well-integrated **parent-subsidiary** relationship model that allows for a coherent internal governance at **Group level**
Key elements of BBVA’s Corporate Governance System

Active engagement policy with both institutional and retail shareholders

Efficient management and oversight of the Group
Balanced, qualified and diverse composition
Clear allocation of duties and adequate checks & balances

Effective management and oversight of the Group

Specialized Board Committees to assist the Board in the performance of its duties

Focus on oversight and control and relevant interaction

Specific governance for sustainability (see section 4)

Well-integrated internal governance and common management and control framework for the Group
Board of Directors: effective management and oversight

Appropriate size and balanced composition

FY 2021

CHAIRMAN:
Carlos Torres Vila

CEO:
Onur Genç

LID:
Juan Pi Llorens

DEPUTY CHAIR:
José Miguel Andrés Torrecillas

DIRECTORS:
Jaime Félix Caruana Lacorte
Raúl Galamba de Oliveira
Belén Garijo López
Sunir Kumar Kapoor
Lourdes Máiz Carro
José Maldonado Ramos
Ana Peralta Moreno
Ana Revenga Shanklin
Susana Rodríguez Vidarte
Carlos Salazar Lomelín
Jan Verplancke
### Board Composition: balanced, qualified and diverse

**FY 2021**

<table>
<thead>
<tr>
<th>Director</th>
<th>Role on the Board</th>
<th>Executive</th>
<th>Audit</th>
<th>Appointments &amp; Corporate Governance</th>
<th>Remuneration</th>
<th>Risk &amp; Compliance</th>
<th>Technology &amp; Cybersecurity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carlos Torres Vila *</td>
<td>Chairman</td>
<td>C</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>C</td>
</tr>
<tr>
<td>Onur Genç *</td>
<td>Chief Executive Officer</td>
<td>M</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>C</td>
</tr>
<tr>
<td>Juan Pi Llorens</td>
<td>Lead Director</td>
<td>M</td>
<td>M</td>
<td></td>
<td>C</td>
<td></td>
<td>M</td>
</tr>
<tr>
<td>José Miguel Andrés Torrecillas</td>
<td>Deputy Chair</td>
<td>M</td>
<td>M</td>
<td></td>
<td>C</td>
<td></td>
<td>M</td>
</tr>
<tr>
<td>Jaime Félix Caruana Lacorte</td>
<td>Independent Director</td>
<td>M</td>
<td>C</td>
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<td>M</td>
</tr>
<tr>
<td>Raúl Galamba de Oliveira</td>
<td>Independent Director</td>
<td>M</td>
<td></td>
<td></td>
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<td></td>
<td>M</td>
</tr>
<tr>
<td>Belén Garijo López</td>
<td>Independent Director</td>
<td>M</td>
<td>M</td>
<td></td>
<td>C</td>
<td></td>
<td>M</td>
</tr>
<tr>
<td>Sunir Kumar Kapoor *</td>
<td>Independent Director</td>
<td>M</td>
<td></td>
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<td></td>
<td>M</td>
</tr>
<tr>
<td>Lourdes Máiz Carro</td>
<td>Independent Director</td>
<td>M</td>
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<td></td>
<td>M</td>
</tr>
<tr>
<td>José Maldonado Ramos</td>
<td>External Director</td>
<td>M</td>
<td>M</td>
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<td>M</td>
</tr>
<tr>
<td>Ana Peralta Moreno</td>
<td>Independent Director</td>
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<tr>
<td>Ana Revenga Shanklin</td>
<td>Independent Director</td>
<td>M</td>
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<td>M</td>
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<tr>
<td>Susana Rodríguez Vidarte</td>
<td>External Director</td>
<td>M</td>
<td>M</td>
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<tr>
<td>Carlos Salazar Lomelín</td>
<td>External Director</td>
<td>M</td>
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<tr>
<td>Jan Verplancke</td>
<td>Independent Director</td>
<td>M</td>
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<td>M</td>
</tr>
<tr>
<td><strong>INDEPENDENCE</strong></td>
<td></td>
<td><strong>67%</strong></td>
<td><strong>33%</strong></td>
<td><strong>100%</strong></td>
<td><strong>60%</strong></td>
<td><strong>80%</strong></td>
<td><strong>80%</strong></td>
</tr>
</tbody>
</table>

* Expiration of 3-year term on 2022’s AGM

See directors’ profiles at [www.bbva.com](http://www.bbva.com)
Board Composition

High independence, balanced diversity and continuous refreshment

87% Non Executive Directors
GOAL: Ample Majority

33% Female Directors
GOAL: 40% before 2023

67% Independent
GOAL: at least 50%

7 years Average tenure (approx).

7 new directors appointed over the past 4 years

Board skills and experience matrix

The Board is appropriately balanced in terms of its composition and knowledge of the Bank and the Group’s environment, activities, strategy and risks.

- Banking & Financial services
- Accounting, auditing & finance
- Innovation & IT
- Risk management
- Strategy & macroeconomic
- Human resources, culture & compensation
- Institution, legal & regulatory
- Corporate governance & sustainability (ESG)

- High
- Intermediate
- Basic

GOAL:
- Ample Majority
- 40% before 2023
- at least 50%

7 new directors appointed over the past 4 years
## Skills and diversity matrix (non executive directors)

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Banking and financial services</td>
<td>◆</td>
<td>◆</td>
<td>◆</td>
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<td>◆</td>
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<tr>
<td>Accounting, audit and financial knowledge</td>
<td>◆</td>
<td>◆</td>
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<td>◆</td>
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<tr>
<td>Innovation and IT</td>
<td>◆</td>
<td>◆</td>
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<tr>
<td>Risk management</td>
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<tr>
<td>Strategy and macroeconomic environment</td>
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<tr>
<td>Human resources, talent, culture and remuneration</td>
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<tr>
<td>Corporate governance and sustainability (ESG)</td>
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### Professional and international background (non executive directors)

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<tr>
<td>Public Administration</td>
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<td>Academia</td>
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<tr>
<td>Consulting, advisory, audit</td>
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<tr>
<td>Senior Management</td>
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<tr>
<td>Board of Directors</td>
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</table>

### INTERNATIONAL BACKGROUND

<table>
<thead>
<tr>
<th></th>
<th>Europe</th>
<th>Latin America</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Latin America</td>
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<td></td>
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<tr>
<td>Others</td>
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</tr>
</tbody>
</table>

**TOTAL NON-EXECUTIVE DIRECTORS** 13 100%

Men 8 61.54%
Women 5 38.46%
**Time commitment and dedication**

The Board of Directors holds monthly ordinary meetings in accordance with the annual meeting schedule drawn up prior to the beginning of the financial year, and extraordinary meetings as often as deemed necessary.

### Governing body

<table>
<thead>
<tr>
<th>Governing body</th>
<th>Nº meetings in 2021</th>
<th>Attendance %*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors</td>
<td>15</td>
<td>99%</td>
</tr>
<tr>
<td>Executive Committee</td>
<td>22</td>
<td>100%</td>
</tr>
<tr>
<td>Audit Committee</td>
<td>15</td>
<td>96%</td>
</tr>
<tr>
<td>Risk and Compliance Committee</td>
<td>22</td>
<td>100%</td>
</tr>
<tr>
<td>Appointments and Corporate Governance Committee</td>
<td>5</td>
<td>100%</td>
</tr>
<tr>
<td>Remunerations Committee</td>
<td>7</td>
<td>100%</td>
</tr>
<tr>
<td>Technology and Cybersecurity Committee</td>
<td>8</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Breakdown of director attendance at meetings**

<table>
<thead>
<tr>
<th>Director</th>
<th>Nº meetings in 2021</th>
<th>Attendance %*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carlos Torres Vila</td>
<td>45/45</td>
<td>100%</td>
</tr>
<tr>
<td>Onur Genç</td>
<td>37/37</td>
<td>100%</td>
</tr>
<tr>
<td>Juan Pi Llorens</td>
<td>50/50</td>
<td>100%</td>
</tr>
<tr>
<td>José Miguel Andrés Torrecillas</td>
<td>57/57</td>
<td>100%</td>
</tr>
<tr>
<td>Jaime Félix Caruana Lacorte</td>
<td>74/74</td>
<td>100%</td>
</tr>
<tr>
<td>Raúl Galamba de Oliveira</td>
<td>45/45</td>
<td>100%</td>
</tr>
<tr>
<td>Belén Garijo López</td>
<td>36/42</td>
<td>86%</td>
</tr>
<tr>
<td>Sunir Kumar Kapoor</td>
<td>23/23</td>
<td>100%</td>
</tr>
<tr>
<td>Lourdes Máiz Carro</td>
<td>37/37</td>
<td>100%</td>
</tr>
<tr>
<td>José Maldonado Ramos</td>
<td>42/42</td>
<td>100%</td>
</tr>
<tr>
<td>Ana Peralta Moreno</td>
<td>37/37</td>
<td>100%</td>
</tr>
<tr>
<td>Ana Revenga Shanklin</td>
<td>37/37</td>
<td>100%</td>
</tr>
<tr>
<td>Susana Rodríguez Vidarte</td>
<td>64/64</td>
<td>100%</td>
</tr>
<tr>
<td>Carlos Salazar Lomelín</td>
<td>22/22</td>
<td>100%</td>
</tr>
<tr>
<td>Jan Verplancke</td>
<td>30/30</td>
<td>100%</td>
</tr>
</tbody>
</table>

*Information excluding proxies. In all cases of absence, delegation of representation and vote was granted to another director.
Board structure

Clear separation of roles and effective coordination

BBVA’s leadership structure is well balanced and efficient. The Chairman and CEO are both members of the Board and have separate and specific responsibilities. They both report directly to the Board and interact with the rest of the governing bodies on an ongoing basis.

Chairman

- Leads management and proper running of the Board
- Drives the Group’s strategy
- Leads the transformation process
- Institutional representation of the Bank

CEO

- Manages the day-to-day running of business
- Receives direct report from the Group’s businesses and all country managers and heads of Corporate & Investment Banking (C&IB), Client Solutions, Sustainability, among others

Fostering BBVA’s Culture and Values and guiding the Group towards the realisation of our Purpose
The Board has put in place efficient measures to ensure the adequate functioning of the governing bodies and the Corporate Governance System as a whole, preventing the concentration of power in any one person or body.

**High level of independence**

**Board (67%)**

**Committees**

**Executive meetings**

**Lead Director**

Independent member

Relevant **functions** established in Board Regulations (article 21)

Constant **interaction** with directors

Direct **engagement** with investors, supervisors and other stakeholders

Three-year mandate

**Deputy Chair**

Independent member

Replaces the Chairman in the event of temporary inability

Promotes **Board stability**

**Chairs** the Appointments & Corporate Governance Committee

**Committee Chairs**

Independent members on oversight and control Committees

Key role in **leading the operation** of Committees

Increased **involvement** and interaction

Improved **reporting** to the Board (in each session)
Board Committees

Majority of independent directors*
Specialized and cross-membership for an efficient interaction

**EXECUTIVE**
- Coordination of decisions on strategy, budgets, capital and liquidity
- Monitoring and controlling: strategy; budgets; risks; capital and liquidity; evolution of projects and investments; and strategies agreed by the Board

**AUDIT**
- Oversight of the Internal Audit Function
- Oversight of the preparation of financial statements and public information
- Relationship with the external auditor

**RISK & COMPLIANCE**
- Monitoring of the Group’s financial and non-financial risks (except those monitored by other committees)
- Oversight of Compliance function
- Promote risk culture across the Group

**REMUNERATION**
- Remuneration related matters affecting directors, senior management and risk takers

**APPOINTMENTS & CORPORATE GOVERNANCE**
- Performance assessment of Executive directors
- Oversight of the Bank’s Corporate Governance System
- Oversight of the conduct of directors and potential conflicts of interest

**TECHNOLOGY & CYBERSECURITY**
- Oversight of technological risk
- Monitoring of the Group’s technology strategy
- Oversight of cybersecurity management

For further information on Board Committees’ activities please see: [www.bbva.com](http://www.bbva.com)

*Except in Executive Committee
Distribution of functions and decision making

BBVA has a robust decision-making process, achieved through the distribution of functions between the governing bodies and the interaction between themselves and with the executive area.

**AGM Highest governing body.**
Final say on relevant matters. One share, one vote principle and active participation.

**Board of Directors** combines oversight and control functions of the Bank and the Group with management functions, adopting the most relevant decisions for the Group and delegating the day-to-day management of the business and the execution of the strategy in the executive area, except for those matters that cannot be delegated by law.

**Board Committees:** Core elements of the system, made up by members of the Board with specialised knowledge to assist it in matters falling within their remit with a coordinated working system among them.

Expert approach, full independence in their operation and clear allocation of functions, as set out in their respective regulations.

Proper coordination and interaction with Senior Management ensures an adequate analysis of the matters submitted for consideration or oversight by the Board, through the review and challenge of the approaches and proposals submitted.

This also strengthens the monitoring and oversight of the adopted decisions, implemented by Management.
Annual Board self-assessment

**2021 FY ASSESSMENT PROCESS:**

Led by the Appointments & Corporate Governance Committee

- Includes individual opinion of all Board members
- Has been assisted by independent expert Promontory

BBVA has implemented significant changes since 2018, with concrete results in sound corporate governance arrangements, which are aligned with regulations & best practices and provide assurances of Board's ability to direct its operations in consistency with strategy, values & objectives, maintaining adequate monitoring & control over current and emerging risks.

**2021 FY MAIN CONCLUSIONS:**

**Structure, size and composition**
- Board has an adequate composition and continues to meet independence & diversity targets
- Board renewal processes carried out in recent years have led to a positive outcome and provided the Board with a balanced skillset, experience and diversity that is aligned with the Bank’s current needs.
- In 2021 Board composition has especially demonstrated its appropriateness to analyse, engage and define the Group's strategic issues and their way forward.

**Quality and efficiency**
- Board functions are adequately defined and decision-making processes are robust, rich in information and enhanced by the role of the Committees, in particular as regards in-depth oversight & control
- Directors dedicate the time necessary to perform their functions; interactions and discussions are fruitful and active challenge is performed when needed.
- Clear distinction of the roles performed by the Chair, CEO & LID continue sustaining adequate checks & balances.

Room for continuous improvement: increase involvement of the Appointments & Corporate Governance Committee in key function holder succession planning & continue developing its oversight of the Group Corporate Governance Policy; streamline information provided to governing bodies to enhance efficiency of their meetings; strengthen integration of 2LoD within Regulation & Internal Control.
Parent-subsidiary relationship model

Allows that the Group’s general management and control framework and other relevant decisions are duly implemented, while safeguarding each Group entity’s managerial independence

- Defines an adequate and transparent corporate and organisational structure with clear and well-defined reporting lines
- Promotes best practices and governance standards at Group level*
- Sets main strategic decisions and general policies for the Group
- Sets global standards and procedures (eg. subsidiaries directors’ appointment)

*Group Corporate Governance Policy approved by the Board, contains guidelines for subsidiaries on board structure, composition, suitability of members, relevant committees...under a proportionality approach

Well-integrated and consistent governance arrangements, processes and mechanisms aimed at achieving the Group's common objectives and interests, defined in accordance with the same Purpose, Values and Culture
Executive Remuneration
Executive Remuneration

New Directors’ Remuneration Policy approved by the 2021 AGM (for 2021-2023)

01
Simple, transparent and performance-driven system (strategic KPIs)

02
Executive pay in line with Company strategy and risk profile (amounts within benchmark)

03
Aligned with the Senior Management’s remuneration policy and pay package

04
Specific rules for settlement and payment of variable amounts with a long term structure

CHANGES IN THE 2021 POLICY

- New sustainability KPI (Mobilization of sustainable financing) with specific weight (10%) + Responsible banking synthetic index (for Chairman)
- New general principle on equal pay for men and women
- Chairman’s pension system transformation (decrease of contributions to 15% of base salary), changes to pay-mix structure with a reduction in the total pay and an increase in the portion at risk
- Changes to deferral scheme and malus & clawback clauses
- Further changes to ensure alignment with new regulatory requirements (CRD V, SRD II), and review of contractual conditions

VARIABLE REMUNERATION

Target Bonus × KPIs = Annual Bonus

+ Targets for each KPI and achievement scales ranging from 0% to 150% of Target Bonus

LONG TERM KPIs

May adjust deferred amounts (downwards) in line with risk profile and TSR
### Executive Remuneration KPIs

#### ANNUAL KPIs
(ONE YEAR MEASUREMENT PERIOD 2021)

<table>
<thead>
<tr>
<th>Type</th>
<th>Annual KPI 2021</th>
<th>Chairman</th>
<th>CEO</th>
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<tbody>
<tr>
<td>Financial</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Results</td>
<td>Net Attributable Profit*</td>
<td>10%</td>
<td>15%</td>
</tr>
<tr>
<td>Results</td>
<td>Tangible Book Value per share</td>
<td>15%</td>
<td>10%</td>
</tr>
<tr>
<td>Profitability</td>
<td>RORC</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Efficiency</td>
<td>Cost-to-income ratio</td>
<td>10%</td>
<td>15%</td>
</tr>
<tr>
<td>Non-Financial</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>NPS</td>
<td>10%</td>
<td>15%</td>
</tr>
<tr>
<td>Sustainability</td>
<td>Mobilisation of sustainable financing</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Transformation</td>
<td>Digital Sales</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Individual KPIs</td>
<td>Related with their roles</td>
<td>25%</td>
<td>15%</td>
</tr>
</tbody>
</table>

*Excluding corporate transactions

These KPIs take into account current and future risks and are in line with those selected to monitor the Group's progress in our Strategic Priorities.

#### LONG-TERM KPIs
(THREE YEAR MEASUREMENT PERIOD 2022-2024)

<table>
<thead>
<tr>
<th>Type</th>
<th>KPI</th>
<th>Chairman</th>
<th>CEO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital</td>
<td>CET 1 Fully Loaded</td>
<td>40%</td>
<td>40%</td>
</tr>
<tr>
<td>Liquidity</td>
<td>Liquidity Coverage Ratio</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Profitability</td>
<td>ROTE</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>Value Creation</td>
<td>Total Shareholder Return (TSR)</td>
<td>10%</td>
<td>10%</td>
</tr>
</tbody>
</table>

In line with the rules applicable to the rest of BBVA’s Identified Staff, executive directors’ deferred annual variable remuneration is subject to compliance with these multi-year performance indicators.

If the targets established for each long-term KPI are not met, the deferred portion of the annual variable remuneration pending payment shall be reduced, yet never be increased.
Risk-aligned remuneration scheme

Executive Directors’ bonuses are awarded, vested and paid subject to European regulations, as set in the Directors’ Remuneration Policy. Rules include:

- **deferral** schemes (60% over a 5-year period)
- payment in **cash** and **shares** (more than 50% shares)
- 1 year **withholding** of shares
- insurance or **hedging prohibitions**
- criteria for updating the cash portion
- **malus and clawback** arrangements up to 100% of the bonus
- **cap on the variable remuneration** of 100% of the fixed component (200% if approved by the AGM)
04 Strategy: reinforced approach to sustainability
Strong conviction with our Strategic Plan after a reflection process led by the Board

STRATEGIC PRIORITIES

- Improving our clients’ financial health
- Helping our clients transition towards a sustainable future
- Reaching more clients
- Driving operational excellence
- The best and most engaged team
- Data and Technology
BBVA Strategy

BBVA is uniquely positioned to accelerate profitable growth

- Leading franchises in very attractive markets
- Trend-setters in digital and sustainability
- Differential culture and mindset
- Proven track record of solid financial results
- Disciplined capital allocation
- Excess capital for shareholders’ distributions and growth

We are executing on our strategic plan with clear objectives

- A larger and more profitable bank
- A distinctive bank for our clients based on a unique value proposition
- Continue leading efficiency through operational excellence

We have set ambitious long-term goals to accelerate profitable growth and value for our shareholders
STRATEGIC PRIORITY:

“Helping our clients transition towards a sustainable future”

Differentiated approach and **strong commitment** from the governing bodies, to manage:

01 Opportunities

02 Risks

03 Transparency
The Board has approved a governance model for sustainability, **fully aligned with BBVA’s strategy**, that seeks to integrate it into all our activities. At the core of this model, the Board has defined and driven the Bank’s adoption of a strategy on sustainability and climate change, approving its main elements and regularly monitoring its implementation throughout the Group, with the assistance of its specialised Board Committees.
Creation of a global Sustainability area, promoting sustainability at the highest level of the organization

The Sustainability area will support the integration of sustainability into the Group’s day-to-day activities

Designing our sustainability strategic agenda

Developing sustainable products to capture new business opportunities

Generating specialized knowledge to provide differential advice to our clients

Establishing commercial methodologies and partnerships to increase sustainability related business

EXECUTION ORGANIZED AROUND 4 GOALS AND FOCUSED IN 12 WORKSTREAMS

MAIN GOALS

- Foster sustainable business growth
- Develop the necessary sustainability capabilities
- Integrate sustainability risk in the processes
- Establish a unique agenda with stakeholders

- Solutions for enterprise clients
- Solutions for corporate and institutional clients
- Communications & marketing
- Risk Management
- Sustainability Standards
- Direct Impact
- Public Engagement
- Reporting & Transparency
- Talent
- Data & technology
# Clear strategy, objectives and commitments

<table>
<thead>
<tr>
<th>Business origination</th>
<th>Portfolio alignment</th>
<th>Direct impacts</th>
<th>Transparency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximize sustainable finance origination</td>
<td>Adoption of the PACTA methodology with relevant metrics and targets defined in 2021, and an updated environmental and social framework</td>
<td>Environmental footprint reduction and emissions offset</td>
<td>Integration of sustainability-related topics in corporate reporting, according to international standards</td>
</tr>
</tbody>
</table>

- **Business origination**: Maximize sustainable finance origination
- **Portfolio alignment**: Adoption of the PACTA methodology with relevant metrics and targets defined in 2021, and an updated environmental and social framework
- **Direct impacts**: Environmental footprint reduction and emissions offset
- **Transparency**: Integration of sustainability-related topics in corporate reporting, according to international standards

**BBVA’s 2025 Pledge**

- **€200 Bn FROM 2018 TO 2025**: BBVA’s 2025 Pledge
- **Maximize sustainable finance origination**
- **70% RENEWABLE ENERGY USE BY 2025**
- **68% REDUCTION OF CO₂ EMISSIONS BY 2025 (VS 2015)**

**Adoption of the Net Zero 2050 Commitment**
Risk strategy and management
Risk strategy

BBVA Group’s Risk Appetite Statement

The BBVA Group develops a responsible universal banking business model, based on values, committed to sustainable development, centered on our customers’ needs and focused on operational excellence and the preservation of an adequate security and business continuity.

BBVA intends to achieve these goals while maintaining a moderate risk profile, so the risk model established aims at ensuring a robust financial position, facilitating its commitment with sustainability and obtaining a sound risk-adjusted profitability throughout the cycle, as the best way to face adverse environments without jeopardizing its strategy.

Risk Management at BBVA is based on prudent management, an integral and forward-looking view of all risks, that allows us to adapt to the disruption risk inherent to the banking business and includes the climate risk driver, portfolio diversification by geography, asset class and client segment, anti-money laundering and combating the financing of terrorism, and keeping a long-term relationship with the client; thereby contributing to a sustainable future, to promote profitable growth and recurrent value creation.
Risk management and control

Comprehensive governance framework and reporting to governing bodies

- The Board of Directors defines the risk management and control strategy and oversight risk profile, with a relevant role of the Risk and Compliance Committee
- Granular internal regulation and executive-level committees, which fosters bottom up and top down

Holistic risk management framework

- BBVA Group’s RAF comprises all relevant risks, both financial and non-financial
- Extending across all business lines and internal units
- Comprehensive view: global, local and by type of risk, with a forward-looking approach

Independent and autonomous executive function within BBVA Group

- Developed by a very qualified and experienced team
- Leveraged in technology and data as key drivers for a safe and sound risk profile
- Strong risk culture across the Group
06 Internal control
**Internal control:** direct reporting line with corporate bodies to ensure independence and an adequate oversight and control

**Under the direct authority of the Board, the Senior Managers** responsible for internal control functions at BBVA are fully independent from the business areas and have direct access at all times and a reporting line with the relevant Committees.

**The Board is responsible for their appointment and removal,** as well as for defining their objectives and assessing their performance, following proposals from the corresponding Committees.
BBVA has an internal control model to ensure both an appropriate management and control of all relevant non-financial risks arising as a result of any business and activity carried out by BBVA Group, within the appetite limits established by the Board of Directors, and the definition of any mitigation actions deemed necessary.

**Internal control functions at executive level**

BBVA has an internal control model to ensure both an appropriate management and control of all relevant non-financial risks arising as a result of any business and activity carried out by BBVA Group, within the appetite limits established by the Board of Directors, and the definition of any mitigation actions deemed necessary.

**3 LINES OF DEFENSE**

1. **1st LoD**
   - BUSINESS & SUPPORT AREAS
   - Risk Control Assurers (RCA)

2. **2nd LoD**
   - REGULATION & INTERNAL CONTROL (incl. Non-Financial Risks, Compliance and Risk Internal Control)
   - Risk Control Specialists (RCS)
   - RCS ensure mitigating and control mechanisms are in place within their scope of risks in a cross-sectional way across the Group. There are 10 RCS for the following risks:
     - PEOPLE
     - PHYSICAL SECURITY
     - TECHNOLOGY SECURITY
     - INFORMATION & DATA SECURITY
     - LEGAL
     - FINANCE
     - COMPLIANCE
     - PROCESSES
     - THIRD PARTY
     - RISK

3. **3rd LoD**
   - INTERNAL AUDIT

**BUSINESS & SUPPORT AREAS**

**REGULATION & INTERNAL CONTROL**

**Risk Control Specialists (RCS)**

**INTERNAL AUDIT**
Additional information

For additional information on BBVA's Corporate Governance please click on the following links:

- BBVA Board of Directors
- Board Committees
- Annual Corporate Governance Report
- Directors’ Remuneration
- Sustainability and Responsible Banking