

Activity of the Board Committees in 2021

Activity of the Audit Committee

In accordance with **article 48 of the Bylaws** and **article 32 of the Regulations of the Board of Directors**, BBVA's Board, in order to better perform its functions, has set up an **Audit Committee** that assists it in **overseeing the preparation of financial statements** and **public information**, the relationship with the **External Auditor** and those related to the **Internal Audit** area.

In addition to the provisions set out in the legislation and in the Regulations of the Board of Directors, the Committee's functions, operation rules and composition are set forth in its own Regulations, approved by the Board of Directors and available on the Bank's website, (www.bbva.com), at the Corporate Governance and Remuneration Policy section, under the Shareholders and Investors section.

In order to better perform its functions, the Audit Committee also takes into account existing best practices and recommendations on matters issued by both national and international bodies. Thus, in order to draw up the present report, the recommendations established by the Spanish National Securities Market Commission (CNMV) Technical Guide 3/2017 on audit committees at public interest entities are taken into consideration.

1 Composition

In accordance with the Regulations of the Board of Directors, the Audit Committee will be exclusively composed of independent directors.

No changes were made to the composition of the Audit Committee in 2021. At the close of the 2021 financial year, the Audit Committee comprised the following directors, all of whom were independent directors:

Director	Role	Status	Date of appointment as a Committee member
Jaime Caruana Lacorte	Chair	Independent	04/29/2019
José Miguel Andrés Torrecillas	Member	Independent	05/04/2015
Belén Garijo López	Member	Independent	09/26/2012
Lourdes Máiz Carro	Member	Independent	05/04/2015
Ana Peralta Moreno	Member	Independent	06/27/2018

The Bank's Audit Committee consists of directors with extensive experience and knowledge in accounting and auditing. As a whole, Committee members have the relevant technical knowledge in the financial sector. The profiles of each Committee member, including information about their education and professional experience, can be found on the Bank's website (www.bbva.com), under the Corporate Governance and Remuneration Policy section.

1 Operation

In accordance with article 6 of its specific Regulations, the Audit Committee shall meet whenever called by its Chair, who is empowered to call the Committee and to set the agenda for its meetings, in accordance with the proceedings set forth for the calling of ordinary and extraordinary meetings. The Committee will thus endeavor to establish an annual calendar of meetings, considering the amount of time to be devoted to various tasks.

The Committee performs its duties with full operational autonomy, and it is led by its Chair who, in order to promote a diversity of views that enriches the Committee's analyses and proposals, ensures

that all members participate freely in deliberations and promotes constructive dialogue among them, encouraging the free expression of their views.

The executives responsible for the areas that manage matters within its remit may be called to meetings. In particular, this applies to the Accounting and Internal Auditing areas and, at the request of the heads of these areas, those people within the Group who have knowledge of or responsibility for the matters covered by the agenda, when their presence at the meeting is deemed appropriate.

The Committee may also call any other Group employee or manager, and even arrange for them to attend without the presence of any other manager. Notwithstanding the foregoing, it seeks to ensure that the presence of persons outside the Committee during these meetings, such as managers and employees of the Bank, be limited to those cases where it is necessary and to the items of the agenda for which they are called. In any event, the Committee will endeavor to hold private meetings with the head of the Internal Audit area and with the External Auditor's representatives, without the attendance of other persons and at appropriate intervals.

Furthermore, the Committee may hire external advisory services when it believes that these services cannot be properly provided by experts or technical staff within the Group on grounds of specialization or independence, and may solicit personal cooperation and reports from any employees or members of Senior Management if deemed necessary in order to comply with its functions in relevant matters.

The Audit Committee met on a total of 15 occasions over the course of the 2021 financial year, with all of its members participating in the meetings either in person or duly represented.

Similarly, top executives from the areas responsible for the matters submitted for the Committee's consideration participated in the Committee's meetings when necessary and when duly invited to do so. They only intervened on the points of the agenda for which they were invited, along with the external advisers that the Committee deemed necessary to hire in order to best perform its functions.

In addition, the Committee reported to the Board of Directors on the activity that took place in each of its meetings, through reports made available to the Board members in the Board meetings held after each corresponding Committee meeting.

Functions

The functions of the Committee are detailed in article 5 of the Audit Committee Regulations. The Committee's main duties are summarized as follows:

- To inform the General Shareholders' Meeting of any issues raised in relation to the matters within the Committee's remit and, in particular, on the result of the audit, explaining how the audit has contributed to the integrity of the financial information and the role played by the Committee in this process.
- To oversee the process for drafting and reporting financial information and submit recommendations or proposals aimed at safeguarding its integrity to the Board of Directors.
- To analyze, prior to their submission to the Board of Directors and in enough detail to guarantee their accuracy, reliability, sufficiency and clarity, the financial statements of the Bank and of its consolidated Group contained in the annual, half-yearly and quarterly reports, as well as all other required financial and related non-financial information.
- To review the necessary consolidation perimeter, the correct application of accounting criteria and all the relevant changes relating to the accounting principles used and the presentation of the financial statements.

- To oversee the effectiveness of the Bank's internal control and risk management systems in the process of preparing and reporting financial information, including tax-related risks.
- With regard to the Internal Audit area: a) to propose the selection, appointment, re-election and removal of the Head of the Internal Audit area to the Board of Directors; b) to monitor the independence, effectiveness and functioning of the Internal Audit area; c) to analyze and establish targets for the Head of the Internal Audit area and evaluate their performance, presenting its proposal on both matters to the Remunerations Committee in order to ensure adherence to the remuneration model applicable to the Group's Senior Management at any given time, submitting these proposals to the Board of Directors; d) to ensure that the Internal Audit area has the necessary material and human resources to effectively perform its functions; and e) to analyze and, where appropriate, approve the annual work plan for the Internal Audit area, as well as any other occasional or specific plans that may need to be implemented due to regulatory changes or as required for the organization of the Group's business.
- To be aware of the audited units' degree of compliance with the corrective measures previously recommended by the Internal Audit area and inform the Board of those cases that may involve a significant risk for the Group.
- To submit any proposals for the selection, appointment, re-election and replacement of the external auditor to the Board of Directors, taking responsibility for the selection process in accordance with applicable regulations, as well as for the engagement terms, and periodically obtain information from the external auditor on the external audit plan and its execution, in addition to preserving its independence in the performance of its functions.
- To establish appropriate relations with the statutory auditor in order to receive information on any matters that may jeopardize its independence and any other matters in connection with the auditing process, as well as those other communications provided for by law and in auditing standards.
- To issue, on an annual basis and before the audit report is issued, a report expressing an opinion on whether the statutory auditor's independence has been compromised.
- To verify, at appropriate intervals, that the external audit schedule is being carried out in accordance with the contract conditions and is thereby meeting the requirements of the competent official authorities and Corporate Bodies.
- To report on all matters within its remit as provided for by law, the Bylaws, the Regulations of the Board of Directors and the Audit Committee Regulations prior to any decisions that the Board of Directors may be required to adopt, and in particular on: financial information that the Bank is required to publish; economic conditions and the accounting impact of relevant corporate operations and structural modifications; the creation or acquisition of shares in special purpose entities or in entities domiciled in tax havens or territories considered to be tax havens; and related-party transactions.

Activity of the Committee in the 2021 financial year

The main issues that were raised in relation to matters within the Committee's remit, as well as the Committee's main activities conducted over the course of the 2021 financial year, are listed below:

- **Financial and accounting information**

In accordance with the functions stipulated in the Audit Committee Regulations, the Committee analyzed and monitored the process of preparing and submitting the mandatory financial and non-

financial information, both of the Bank and of its consolidated Group, contained in the annual, half-yearly and quarterly reports, prior to their submission to the Board and in sufficient depth to ensure their accuracy, reliability, sufficiency and clarity. The Committee had all of the information that it required, with the level of aggregation deemed appropriate, and also had the necessary support from the Group's Senior Management, especially from the area responsible for Accounting functions, and from the Bank and Group external auditor..

These financial information supervision functions were performed through a continuous process throughout the financial year, with monthly monitoring of the evolution of the main figures on the balance sheet and income statement, the quarterly and half-yearly financial reports, the closing results of each period and the preparation process for the corresponding financial information, paying special attention to the accounting criteria applied and any changes therein, the applicable accounting standards and the changes in the Group's consolidation perimeter. The Committee also analyzed any additional information that it considered appropriate for better performance of its functions.

In addition, the Committee carried out special monitoring and constant monthly analysis of the main impacts, from an accounting viewpoint, on the businesses and on the Balance Sheet and Income Statement of the Bank and its Group.

Particularly noteworthy are the analysis and supervision the Committee carried out in the 2021 financial year, which included the following: (i) the extraordinary update made to the macroeconomic information required for the calculation of expected losses due to credit risk in application of the accounting standard IFRS 9; (ii) the analysis of signs of impairment of goodwill recorded in the Group's accounts, for the main cash-generating units (CGUs), in compliance with International Accounting Standard (IAS) 36; (iii) the accounting impacts relating to the main corporate operations carried out by the Group; (iv) the breakdowns relating to the loans with public guarantees and moratoria granted; (v) the information regarding risks and uncertainties arising from the pandemic crisis; and (vi) changes made to policies or the accounting criteria applied, among others.

Hence, prior to their drafting and/or approval by the Board of Directors, the Committee oversaw the preparation of the individual and consolidated annual financial statements for the financial year, the half-yearly and quarterly financial statements, as well as other relevant financial information, including the CNMV Universal Registration Document, U.S. SEC Form 20-F of the Securities and Exchange Commission (SEC), and the Prudential Relevance Report, among others, submitting to the Board the corresponding reports and/or favorable opinions of the Committee on the financial information of the Bank and its Group.

With regard to the Annual Financial Statements of the Bank and the consolidated Group for the 2021 financial year, which are submitted for consideration at the Bank's upcoming 2022 Annual General Shareholders' Meeting, it should be noted that the Audit Committee has offered its favorable opinion to the Board of Directors. The Committee's opinion was that, with regard to content and form, the statements comply with the requirements stipulated by the applicable regulations and the regulatory authorities, as well as have been prepared in accordance with the applicable accounting policies and criteria.

The Committee also expressed its favorable opinion on the contents of the Management Report for BBVA and for the companies that make up the BBVA Group, which included an accurate analysis of the business evolution and results of the Bank and its Group, along with a description of the main risks and uncertainties that they faced, as well as the non-financial information required by the applicable regulations.

The Committee also monitored and expressed its agreement with the non-financial information required by the relevant legislation; specifically by Act 11/2018 of December 28, which is incorporated in the Management Report of the Bank and its consolidated Group and includes the information

needed to understand the Group's performance, results and situation and the impact that its activity had on environmental and social issues relating to employees, human rights and the fight against corruption and bribery, among other matters.

As such, the Audit Committee proposed to the Bank's Board of Directors that it prepare BBVA's Annual Financial Statements and management reports, both individual and consolidated, for the 2021 financial year, under the same terms as they are to be submitted to the upcoming Bank's 2022 Annual General Shareholders' Meeting, and that they be accompanied by the corresponding audit report issued by the external auditor, KPMG Auditors, S.L., in which it expressed its favorable and unqualified opinion.

Furthermore, in accordance with the best practices and provisions of article 5 of its Regulations, the Committee ensured that the external auditor met with the Board of Directors to explain their audit opinion on the Annual Financial Statements of BBVA and its Group for the 2021 financial year and on the evolution of the accounting, financial and risk situation of the Bank and its Group.

- **Internal control systems**

As part of the process of supervising the Group's financial reporting, the Committee oversaw the sufficiency, suitability and effective functioning of the internal control systems established by the BBVA Group and the risk management systems for the process of preparing the financial information, including tax systems.

In this regard, the Committee supervised and was made aware of the different reports prepared, both internally and by the Group's external auditor, on the effectiveness of the internal control on the Financial Information Systems. The Committee has taken a favorable view of its conclusions that the BBVA Group has a sound and reliable financial information internal control model, compliant with the requirements stipulated by applicable regulations, which guarantees that financial information is prepared correctly, using the necessary procedures and controls to that effect. It submitted to the Board of Directors the corresponding Committee report, expressing its favorable opinion on the internal control systems established by the Group for the process of preparing the financial information.

- **Relations with the external auditor**

Given that the external audit is one of the core elements in the chain of controls established to ensure the quality and integrity of the financial data, the Audit Committee has established appropriate relations with the external auditor, KPMG Auditors, S.L.

At all Committee meetings held during 2021, the external auditor's representatives provided the Audit Committee with first-hand information about its strategy and work plan, degree of progress in the development of its activities and its most significant findings.

As regards the completion of audits, the Committee was informed of and analyzed, among other matters, the following:

- The progress of the work carried out by the external auditor over the course of the financial year, including the planning of the audit of the annual financial statements of the Bank and its Group, of the half-yearly and quarterly financial statements, as well as other relevant financial information reviewed in the audit.
- Audit opinions and limited review reports issued regarding the Group's main financial information, which has been reported in the section corresponding to financial and accounting information, to

be recorded by various national and international supervisors, which in all cases resulted in a favorable and unqualified opinion on the part of the external auditor.

- Opinions on the Group's internal control system for the process of preparing financial information, including that required by the Sarbanes Oxley Act (SOX) in the United States, also issued with a favorable and unqualified opinion.

In addition, the individuals in charge of the external auditor also participated in all of the Committee's meetings during the financial year, with permanent contact being established through the Committee Chair. Work meetings were also held to analyze certain specific issues related to the information reviewed in the audit and to facilitate the Bank's response to any potential incidents that may have arisen during the course of their work.

Similarly, the Committee has ensured that internal procedures are implemented to safeguard against situations that may give rise to conflicts of the independence and objectivity required by the external auditor, establishing incompatibility between the provision of audit and consulting services. It has also guaranteed that the External Auditor had access to all of the information they needed to perform their work and that they received full cooperation from all of the Group's areas.

In addition, the Committee checked the statements made by the external auditor regarding its confirmation of independence with regards to BBVA and its Group companies, issuing the Committee's corresponding report on the external auditor's independence, as per the requirements set out by applicable regulations, which is attached to this report as an appendix in accordance with recommendations of good governance.

Likewise, the Committee analyzed the proposal for External Auditor's global services and fees for the 2021 financial year, prior to it being submitted to the Board for consideration.

Furthermore, in the 2021 financial year, the Committee, in the best interest of the Bank and its Group, agreed to begin a selection process to find a new statutory auditor for the 2022, 2023 and 2024 financial years. It resolved that, as a result of this selection process, it would submit its proposal for appointment to the Board of Directors, which would include the Committee's recommendation that the audit firm that could best provide a high-quality service to BBVA and its Group, and which was most suited to their existing needs, was Ernst & Young, S.L. (EY). The Board agreed to propose, to the Annual General Shareholders' Meeting, the appointment of EY as the statutory auditor of BBVA and its consolidated Group for the 2022, 2023 and 2024 financial years.

- **Internal Audit**

In terms of the functions performed by the Group's Internal Audit area, regarding which the area head reports directly to the Audit Committee at all of its monthly meetings, the Committee supervised the development and degree of compliance of the Annual Internal Audit Plan for the 2021 financial year, after supervision, along with approving the Annual Plan scheduled for 2022.

In terms of monitoring the effectiveness of the Internal Audit area, the Committee was informed of and analyzed the results of its most relevant work, any weaknesses and possibilities for improvement, the reports issued by this area and the recommendations made, as well as the specific action plans defined and implemented for their resolution, regularly monitoring those that were most relevant to the Bank and its Group.

The adjustments made to the Annual Internal Audit Plan for the 2021 financial year were also reported to the Committee. These resulted from the continuous risk assessment carried out by the area and BBVA USA leaving the Group's consolidation scope following its sale to PNC, which received the Committee's approval.

Similarly, the Committee ensured that the Internal Audit area had the necessary material and human resources for effective performance of its duties, overseeing, for this purpose, the function's efficiency and operation, its established organizational measures, and its independence from other areas of the Bank.

With regard to the Strategic Plan established by the Internal Audit Area for the 2020–2024 period, the Committee was informed of and monitored its progress during the financial year, analyzing the development of all projects established for each of the strategic priorities defined, as well as the new lines of work established by the Internal Audit area, in the review of its strategy, in order to achieve the objectives set out in the aforementioned Strategic Plan.

Similarly, it has ratified the engagements for the so-called additional audit services not included in the global proposal for external audit services, which had been pre-approved by the Chair of the Committee, analyzing their compliance with the independence requirements provided for by the regulations governing auditing activities and the provisions of the Committee's own Regulations in respect thereof.

Finally, the Committee has assessed the performance of the head of Internal Audit based on the system of indicators and targets proposed by the Group's Talent & Culture area.

- **Tax risks**

The Committee has continuously monitored the main issues relating to the Group's tax risks during the financial year, supervising tax strategy and management. This included, among other matters, the real tax rate, total tax risk, the tax position on capital, as well as the main criteria used, the main decisions adopted and the impact on the Group's financial information.

- **Corporate operations**

In accordance with the provisions of Article 5.16 of its Regulations, in relation to the Committee's function of being made aware of any relevant corporate operations or structural changes that the Entity plans to carry out so that it may carry out an analysis and submit a preliminary report to the Board of Directors on the economic conditions, accounting impact and, in particular, the proposed exchange ratio, the Committee has reviewed and issued a favorable report on the accounting considerations of significant corporate operations agreed during the financial year to the Board of Directors. To this end, it has relied on the information and analysis from the Bank's executive areas and, where applicable, the cooperation of any external experts that it has deemed appropriate.

- **Related party transactions**

In accordance with the provisions of Article 5.16 of its Regulations, prior to the decisions that, when applicable, are to be adopted by the Board of Directors, one of the Audit Committee's functions is to report on the related-party transactions that BBVA, or the companies in its Group, carry out with directors or shareholders who hold a significant shareholding.

In performing its aforementioned supervisory function, over the course of the 2021 financial year, the Audit Committee did not learn of the execution of any related-party transactions that, pertaining to the Entity's ordinary trading or exchange activities, were not executed under normal market conditions or which were of significance to the Bank or its Group.

All of the above issues, along with other matters within its remit, were included in the Committee's activity report for the 2021 financial year, which, along with the quarterly reports by the Chair of the Audit Committee on the Board during the financial year and the activity reports of the Committee made available to directors, has allowed the Board to be informed on the activities carried out by the Committee and assess its functioning.

In addition, the Audit Committee, at its meeting of January 31, 2022, analyzed the Committee's activity report for the 2021 financial year, which, in compliance with the provisions of the Regulations of the Board of Directors, the Audit Committee presented to the Board of Directors at its meeting on February 2, 2022 for the purpose of assessing its functioning. Following analysis of the aforementioned report, the Board of Directors assessed the quality of the work performed by the Committee, in compliance with its attributed functions, giving a favorable assessment of the quality and efficiency of its functioning.

APPENDIX

AUDIT COMMITTEE REPORT ON THE INDEPENDENCE OF KPMG AUDITORES, S.L. AS EXTERNAL AUDITOR

INTRODUCTION

In accordance with Article 529 quaterdecies 4 f) of Royal Legislative Decree 1/2010 of July 2, approving the consolidated text of the Corporate Enterprises Act (hereinafter the **Corporate Enterprises Act**), and Article 5.11 of the Audit Committee Regulations of Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter **BBVA** or the **Bank**), the Audit Committee issues this report—prior to publication of the audit report on the annual financial statements for the 2021 financial year—on the independence of the statutory auditor of BBVA and its Group, KPMG Auditores, S.L. (hereinafter **KPMG** or the **External Auditor**).

ANALYSIS ON THE INDEPENDENCE OF THE EXTERNAL AUDITOR

In accordance with the functions stipulated in Article 5 of the Audit Committee Regulations, the Audit Committee constantly monitors the process of preparing the financial statements of the Bank and its consolidated Group, in order to ensure their accuracy, reliability, sufficiency and clarity. It is assisted in this task by the Bank's Senior Management and, particularly, by the area responsible for Accounting, as well as by the External Auditor.

To this end, the Audit Committee maintains the appropriate relationships with the External Auditor in order to receive information about any issues that may pose a threat to its independence and about any other matters relating to the audit work being carried out.

The Committee, therefore, maintains direct contact with those responsible for the External Auditor, who attend all of the Audit Committee's meetings during the financial year, without the presence of the Bank's Senior Managers.

The Committee has also monitored the independence of the External Auditor in two ways:

- (i) By ensuring that the External Auditor's warnings, opinions and recommendations cannot be compromised and that the External Auditor's compensation for its work compromises neither its quality nor its independence, in compliance with auditing legislation.
- (ii) By establishing incompatibility between the provision of audit and consulting services, unless it involves work required by supervisors or whose provision by the External Auditor is permitted by applicable legislation, and there are no alternatives on the market that are equal in terms of content, quality or efficiency to those provided by the External Auditor; in this case, approval by the Committee will be required, but this decision may be delegated in advance to its Chair.

With regard to the provisions of the aforementioned Article 529 quaterdecies.4 f) of the Corporate Enterprises Act, on February 8, 2022, BBVA's Audit Committee received a written statement from KPMG, in its capacity as External Auditor for BBVA and its Group, prior to the issuance of the audit report on the annual financial statements of the

Bank and its Group for the 2021 financial year, in which it confirmed its independence from BBVA and the entities directly or indirectly linked to the Bank, in accordance with the requirements established in the regulations governing audit activities and, more specifically, in compliance with the provisions of Law 22/2015, of July 20, on Auditing of Financial Statements and of Regulation (EU) 537/2014, of April 16. Therefore, in view of this and the absence of any additional information casting doubt on the statement of independence made by the auditors, the Audit Committee concludes that there are no objective reasons to question the confirmation of independence made by KPMG.

Furthermore, in relation to the additional services provided by the External Auditor over the course of the 2021 financial year, the Committee states that these services are those described in the independence statement issued by KPMG on February 8, 2022, for the amount and in accordance with the breakdown mentioned therein, and that the External Auditor has not provided any additional services to the BBVA Group other than those contained in said independence statement, as verified in the corresponding report issued by the Group's Internal Audit area and sent to the Audit Committee.

CONCLUSION

Pursuant to the foregoing and in compliance with the provisions of Article 5 of the Audit Committee Regulations, the Committee expresses its favorable opinion of the independence of the External Auditor, having deemed, in this regard, that the additional services provided by the External Auditor during the 2021 financial year, considered individually and as a whole, as derived from the analyses conducted by both the External Auditor and the Group's Internal Audit area, are in accordance with the independence regime established in applicable auditing laws.

Activity of the Risk and Compliance Committee

In accordance with article 48 of the Bylaws and article 35 of the Regulations of the Board of Directors, BBVA's Board, in order to best perform its functions, has set up a **Risk and Compliance Committee** to assist it in its functions regarding **decision-making, monitoring, oversight and control of risks, internal control (including compliance), and supervisory communications**.

In addition to the provisions set out in the legislation and in the Regulations of the Board of Directors, the Committee's functions, operation rules and composition are set forth in its own Regulations, approved by the Board of Directors and available on the Bank's corporate website (www.bbva.com).

■ Composition

The Regulations of the Risk and Compliance Committee stipulate that the Committee will consist exclusively of non-executive directors, a majority of whom will be independent directors, including the Chair.

At the end of 2021, the Risk and Compliance Committee was comprised of the following directors:

Director	Role	Status	Date of appointment as a Committee member
Juan Pi Llorens	Chair	Independent	27.07.2011
Jaime Félix Caruana Lacorte	Member	Independent	27.06.2018
Raúl Galamba de Oliveira	Member	Independent	29.04.2020
Ana Revenga Shanklin	Member	Independent	29.04.2020
Susana Rodríguez Vidarte	Member	External	25.06.2014

The members of the Committee are appointed by the Board of Directors and possess the appropriate knowledge, skills and experience to understand and control the Institution's risk strategy. The profiles of each member of the Committee, including information regarding their knowledge and experience, is available on the Bank's corporate website (www.bbva.com).

■ Operation

In accordance with the Regulations of the Board of Directors and its own Regulations, the Risk and Compliance Committee meets whenever convened by its Chair, who is empowered to call the Committee and to set the agenda for its meetings, in accordance with the proceedings set forth for the calling of ordinary and extraordinary meetings. The Committee has established an annual calendar of meetings, taking into account the amount of time to be devoted to the different functions.

The Committee performs its duties with full operational autonomy, and it is led by its Chair who, in order to promote a diversity of views that enriches the Committee's analyses and proposals, ensures that all members participate freely in deliberations and promotes constructive dialogue amongst them, encouraging the free expression of their views.

Executives responsible for the areas that manage matters within the Committee's remit may be called to the meetings, in particular, the Regulation & Internal Control area and the Risks area, and, at the request thereof, those persons within the Group who have knowledge of or responsibility for the matters covered by the agenda, when their presence at the meeting is deemed convenient.

The Committee may also call any other Group employee or manager, and even arrange for them to attend without the presence of any other manager. Notwithstanding the foregoing, it is sought to ensure that the presence of persons outside the Committee during these meetings be limited to those cases where it is necessary and to the items of the agenda for which they are called.

The Committee may also engage external advisory services for relevant issues when it considers that these cannot be provided by experts or technical staff within the Group on grounds of specialisation or independence; and may solicit personal cooperation and reports from any employee or member of the Senior Management if deemed necessary in order to comply with its functions in relevant matters.

In the performance of its functions, the Committee has the full cooperation of the Bank's executive and support areas at all times, in addition to the support of the Technical Risk Secretariat, which is integrated into the Risk Internal Control Unit, which, in turn, is a part of the Regulation & Internal Control Area and oversees and coordinates the information on financial risks made available to the Committee from the various areas of the Bank.

During the 2021 financial year, the Risk and Compliance Committee met on 22 occasions, and every Committee member attended all of the meetings held.

Likewise, the managers of areas and units responsible for the matters covered also participated in these meetings. In particular, the Committee has received monthly reports from the Head of the Risk Area (Global Risk Management) and from the Head of the Regulation & Internal Control Area.

In addition, the Committee has also received reports from the heads of the different types of financial risks, the risk managers for the Group's main geographical areas, and the heads of the Non-Financial Risks, Risk Internal Control and Compliance units at corporate level, depending on the issues covered at each meeting.

In turn, the Committee reports regularly (at least quarterly) to the Board of Directors on the activities undertaken and resolutions adopted by the Committee.

Functions

The main functions of the Risk and Compliance Committee are set out in article 35 of the Regulations of the Board of Directors and article 5 of the Regulations of the Risk and Compliance Committee, respectively.

With particular regard to **Risks**, the Committee has the following functions:

- To analyse, based on the strategic bases set out at any time by both the Board of Directors and the Executive Committee, and submit proposals to the Board on the Group's risk strategy, control and management, including the Risk Appetite Framework, the capital adequacy assessment process (ICAAP) and the liquidity adequacy assessment process (ILAAP).
- To address risk management and control policies for the Group's various risks, including financial risks and, to the extent that they do not correspond to another Board Committee, non-financial risks.
- To monitor the evolution of the Group's risks and their degree of compatibility with established strategies and policies as well as with the Risk Appetite Framework.
- To verify that the Group has the means, systems, structures and resources needed to implement its risk management strategy.
- To participate in the process of establishing the remuneration policy, ascertaining that it is consistent with adequate and effective risk management.

- To analyse risks associated with the Group's strategic projects or with corporate transactions that will be submitted to the Board of Directors or, where appropriate, the Executive Committee for consideration.
- To analyse the risk transactions that must be submitted to the Board of Directors or the Executive Committee for consideration.
- To examine whether the prices of assets and liabilities offered to customers fully take into account the Bank's business model and risk strategy.
- To ensure the promotion of risk culture across the Group.

In the area of **Regulation & Internal Control**, it has the following functions:

- Supervise the effectiveness of the Regulation & Internal Control function (under whose direction the areas of Supervisors, Regulation and Compliance are included, as well as Risk Internal Control and Non-Financial Risk).
- Ensure compliance with applicable national and international regulations on matters related to money laundering, conduct on the securities markets, data protection and the scope of Group activities with respect to competition, and ensure that any requests for action or information made by official authorities on these matters are dealt with in due time and in an appropriate manner.
- Obtain information on all violations of internal or external regulations and any significant events detected by the areas reporting to it during its monitoring and control operations. The Committee shall also be notified about significant issues relating to legal risks that may arise during the Group's operations.
- Supervise the Group's criminal risk prevention model.
- Examine draft codes of ethics and conduct and their respective modifications prepared by the corresponding area of the Group, and give its opinion in advance of the proposals to be made to the corporate bodies.
- Review and supervise the systems under which Group professionals may confidentially report any irregularities in terms of financial information or other matters.
- Have knowledge of the reports, submissions or communications from external supervisory bodies, and confirm that the instructions, requirements and recommendations received from the supervisory bodies are implemented in due time and in an appropriate manner in order to correct any irregularities, deficiencies or inadequacies detected in the inspections performed by them.

In addition, the Committee reports, prior to any decisions that may have to be adopted by the Board of Directors, on all matters within its remit as provided for in the law, the Bylaws, the Regulations of the Board of Directors and the Regulations of the Committee.

1 Activity of the Committee in 2021

The main activities carried out by the Risk and Compliance Committee throughout the 2021 financial year are:

- **Analysis of proposals on risk strategy, control and management**

Among the functions stipulated in the Regulations of the Risk and Compliance Committee is that of conducting analyses and submitting proposals to the Board on the Group's risk strategy, control and management, on the strategic bases set out at any time by the Board of Directors and the Executive Committee.

They include, firstly, BBVA Group's Risk Appetite Framework. In this regard, the Risk and Compliance Committee analysed the proposed Risk Appetite Framework for the Group for 2022, drafted by the Risk Area (in collaboration with the Regulation & Internal Control Area) in accordance with the strategic bases established by the Executive Committee, and then submitted it to the Board of Directors for its consideration and, where appropriate, approval. The Committee also analysed and submitted to the Board of Directors for its consideration and, where appropriate, approval, an update of the General Risk Management and Control Model of the BBVA Group.

To this end, the Committee was provided with all the information required to carry out its analysis from and received support the Head of the Risk Area of the Group and the other executives in the Risk and Regulation and Internal Control areas, in particular of the heads of Risk Internal Control and Non-Financial Risks, who assisted in the preparation of the proposals.

The Risk and Compliance Committee also reviewed the internal capital adequacy assessment process (ICAAP) and the internal liquidity adequacy assessment process (ILAAP) during the 2021 financial year, in order to monitor the preparation of stress scenarios and to verify their alignment with the approved Risk Appetite Framework. It also reviewed the proposals for the capital adequacy statement (CAS) and liquidity adequacy statement (LAS) required by the regulator, in accordance with the strategic bases established by the Executive Committee, and then submitted both CAS and LAS proposals to the Board of Directors for its consideration and, where appropriate, approval.

In the course of this work, the Committee was assisted by the Risk, Finance and Regulation & Internal Control areas, among others, which helped to ensure that the Group's situation in the areas analysed was accurately reflected.

- **Review and update of the Group's general risk management and control policies**

The Risk and Compliance Committee participated in the annual review and updating of the Group's general policies for the management and control of the main financial and non-financial risks of the Group, to ensure that they are consistent with the Group's General Risk Management and Control Model.

The general risk policies updated in 2021 relate to the control and management of wholesale credit risk, retail credit risk, liquidity and funding risk, structural interest rate risk, structural exchange rate risk, structural equity price risk, market risk in market activities, insurance risk, model risk and non-financial risks.

In order to perform this review, the Committee was provided with all the information required to carry out an adequate and comprehensive analysis of the policies, and had sufficient time to formulate suggestions, changes and comments regarding the updated texts of the policies initially presented by the various units within the Risk Area and the Non-Financial Risks Unit (which, in turn, forms part of the Regulation & Internal Control Area), depending on the policy in question.

- **Regular monitoring of the evolution of Group risks**

During 2021, the Risk and Compliance Committee monitored the evolution of the various risks to which the Group is exposed.

This monitoring covered both main financial risks (credit risk, structural risk, market risk, insurance risk, etc.) and non-financial risks (operational risk). It was carried out within the framework of the BBVA Group General Risk Control and Management Model and in accordance with the Risk Appetite Framework approved by the Board of Directors for 2021.

To this end, the Risk and Compliance Committee received and analysed information from the Risk area and the Regulation & Internal Control area at appropriate intervals and received support from the

head of Risk area, the Head of Regulation & Internal Control, from the managers for each type of risk at the corporate level and from the risk directors in the Group's main geographical areas. The Committee also engaged in direct dialogue and discussion with each of these speakers.

All of this provided the Risk and Compliance Committee with direct knowledge of the Group's risks, both globally and locally, allowing it to execute its function of monitoring the evolution of all the Group's risks, regardless of the type of risk, the geographical or business area in which it originates, or the sector or portfolio to which it pertains.

In the performance of this function, the Risk and Compliance Committee also regularly monitored compliance of the risk metrics established for the 2021 financial year, with the necessary frequency and level of detail to ensure adequate monitoring of main risks to which the Group is exposed.

To further enhance its monitoring of the Risk Appetite Framework, the Committee received information about key internal and external variables that do not directly form part of the Risk Appetite Framework but affect its compliance. All of this was carried out prior to follow-up by the other corporate bodies with risk functions.

In particular, in 2021, the Risk and Compliance Committee has continued performing a sustained and transversal monitoring of those risks most affected by the COVID-19 pandemic, with a focus on the behaviour of those credit portfolios which had been subject to legal or sectorial moratoria, as well as new lending operations granted with public guarantees.

Likewise, the Committee has carried out a transversal monitoring and through different specific reports, of the progresses made in the integration of the risk of climate change into the Group's risk management.

In addition to the foregoing, the Risk and Compliance Committee received periodical reports on the main credit risk transactions authorised by the Risk Area committees in their respective areas of responsibility, as well as the Group's most significant credit exposures. The Risk and Compliance Committee was also periodically provided with information about the qualitative risk operations authorised by the Risk Area.

- **Group Recovery Plan**

In the context of its functions of prior report regarding decisions to be taken by the Board of Directors on all matters within its remit, the Risk and Compliance Committee participated in the review of the Group Recovery Plan, in order to monitor the development of stress scenarios and verify their alignment with the approved Risk Appetite Framework, prior to its submission for consideration and, where appropriate, approval by the Executive Committee and the Board of Directors. To this end, the Committee received the full assistance of the Risk and Finance areas, among others.

- **Examination of the methods, systems, structures and resources of the Risk Area**

The Risk and Compliance Committee was informed by the Head of Global Risk Management of the means, systems, structures and resources employed by the Risk Area, and of the main technology projects under way, the objective of which is to provide the area with an infrastructure and processes that foster the Group's strategic priorities and, in particular, the incorporation of the Risk Appetite Framework into the management of the risk life cycle.

As a result, the Committee was able to verify that the Group's means, systems, structures and resources are in line with best practices and enable the Group to implement its risk management strategy and to ensure that the risk management mechanisms in place are adequate with regard to the strategy.

The Committee also confirmed that the Risk Area is functioning properly and that it provides the Committee with the information it needs to assess the Group's risk exposure at any given moment, which in turn allows the Committee to properly exercise the risk monitoring, oversight and control functions with which it has been entrusted.

- **Participation in the analysis of remuneration matters**

The Risk and Compliance Committee was involved in the establishment of the directors' remuneration policy approved by the General Meeting in 2021, ascertaining that it is compatible with an adequate and effective risk management strategy and that it does not offer incentives to assume risk that exceed the level tolerated by the Institution.

Likewise, the Risk and Compliance Committee was involved in the establishment of the multi-year performance indicators for the 2021 Annual Variable Remuneration, as well as the scales of achievement for the multi-year performance indicators for the 2020 Annual Variable Remuneration of the members of the Identified Staff who did not waived its accrual in full in view of the exceptional circumstances of the COVID-19 crisis, and has analysed the result of the multi-year performance indicators for the Deferred Annual Variable Remuneration of the 2017 financial year of the Identified Staff, including executive directors and the rest of the Senior Management; verifying its alignment with appropriate, effective and prudent risk management, prior to their submission to the Board by the Remunerations Committee.

- **Risk analysis associated with corporate transactions**

The Risk and Compliance Committee analysed the financial and non-financial risks associated with corporate transactions prior to their submission for consideration by the Board of Directors. To this end, the Committee was supplied with reports on these transactions by the different areas of the Bank within their respective remits, and was supported by the Head of Strategy & M&A.

- **Additional monitoring and control functions**

One of the Risk and Compliance Committee functions set out in its Regulations is to determine whether the prices of assets and liabilities offered to customers fully take into account the Bank's business model and risk strategy.

In this regard, in 2021, the Committee received regular reports on the evolution of metrics and on profitability and capital analyses, which assess how the resulting pricing in financing and lending operations align with the risk strategy and risk transfer in the Group.

Additionally, the Committee monitored the profitability of portfolios and businesses and the performance of the profitability indicators incorporated into the Institution's Risk Appetite Framework. All of this enabled the Committee to confirm that the prices of the assets and liabilities offered to customers were aligned with the Bank's business model and risk strategy.

The Committee also verified the progress and effectiveness of the various actions and initiatives designed by the Risk Area and by the Regulation & Internal Control Area to strengthen the Group's risk and compliance culture, in a way that it enables the performing its functions a secure environment, and encourages the mitigation of the risks (both financial and non-financial) which are inherent in its activities.

- **Oversight, monitoring and control of the activity of the Regulation & Internal Control function**

As part of its functions the Committee must monitor the effectiveness of the Regulation & Internal Control function, which reports directly to the Board of Directors through the Risk and Compliance Committee and which comprises the Regulation, Supervisory Relations, and Compliance areas, in addition to the Risk Internal Control and Non-Financial Risks areas.

The Committee has carried out this task monitoring the effective functioning of the function, participating in matters relating to the head of the function (such as the setting of her objectives and the assessment of her performance) and ensuring that the function has the resources necessary to properly perform its functions.

The Risk and Compliance Committee has received monthly information from the Head of Regulation & Internal Control regarding the activity carried out by each of the units that comprise that area. In addition, the Committee has received periodic reports directly from the heads of Compliance, Non-Financial Risks and Risk Internal Control, all of which fall under the Regulation & Internal Control Area.

- **Compliance-related functions**

With regard to the Committee's functions in the area of compliance, it should be noted, firstly, that during the 2021 financial year, the Committee analysed the policies prepared by the executive areas in this area (e.g. on conduct and prevention of money laundering and the financing of terrorism), as well as the updated version of the System and Charter of the Compliance Function, prior to consideration thereof by the Board of Directors.

The Committee also regularly monitored information received by the Compliance Unit over the course of the financial year regarding the Group's compliance with applicable internal and external regulations. The Committee examined the findings of the independent review processes carried out both internally within the Group and externally by the competent authorities, as well as the degree of progress in implementing planned measures within the various areas of activity (e.g. conduct, prevention of money laundering and terrorist financing, data protection). It also specifically monitored the activity of the Compliance Unit in relation to the MiFID (Markets in Financial Instruments Directive) regulations and bank transparency.

Moreover, the Committee was informed, as often as appropriate, of the findings of external audits and any other reviews carried out by external experts on compliance-related matters, including existing internal control measures concerning the prevention of money laundering and terrorist financing.

Also, regarding compliance with applicable internal regulations, the Committee was informed by the heads of the relevant executive areas of any pertinent compliance-related issues concerning the implementation of internal regulations (e.g. general policies, procedures) approved by the Group.

Furthermore, the Committee monitored the main legal risks deriving from litigation to which the Group is exposed, through the Global Head of Legal's presentation to the Committee.

Regarding BBVA's Crime Prevention and Criminal Risk Management Model, the Committee was informed of its development over the course of the financial year and the main lines of work involved in relation to the model's various elements.

The Committee was also informed by the head of the Compliance Unit—the unit responsible for promoting and ensuring, in an independent and objective manner, that BBVA acts with integrity, particularly in areas such as anti-money laundering, conduct with clients, security market conduct, anti-corruption and other aspects of corporate conduct—of the functioning of the whistleblowing channel, as well as of the noteworthy aspects of the area.

Finally, the Committee analysed the extent of implementation of the Annual Plan of the Compliance Unit for the 2020 financial year. It also examined the Annual Plan created for 2021, with corresponding

monitoring of progress made in its implementation. The Committee was also informed of developments in the Compliance Unit's strategy for the period 2021-2024.

- **Monitoring of supervisory communications and verification of their timeliness and suitability**

The Head of the Regulation & Internal Control area, which includes the Supervisory Relations Unit, provided the Risk and Compliance Committee with information about the main communications and inspections (domestic and foreign) carried out by the Group's supervisory authorities.

In particular, the Committee was informed, where appropriate, of the recommendations, weaknesses or areas for improvement identified by the different supervisory bodies, and of the action plans and other measures established by the executive areas in question to resolve these in a timely manner.

All the above issues, along with other matters within its remit, were included in the Committee's activity report for financial year 2021, which, along with the quarterly presentations made by the Committee Chair to the Board of Directors throughout the financial year and the activity reports of the Committee made available to directors, has allowed the Board to be informed on the activities carried out by the Committee and assess its operation.

Thus, the Board of Directors received, in its meeting held on 22 December 2021, the report of the Committee Chair on the activity carried out during the 2021 financial year. The Board assessed the work carried out by the Committee, in accordance with the functions assigned to it, giving a favourable assessment of the quality and efficacy of its operation.

Activity of the Appointments and Corporate Governance Committee

In accordance with article 48 of the Bylaws and article 33 of the Regulations of the Board of Directors, BBVA's Board of Directors, in order to better perform its functions, has set up an **Appointments and Corporate Governance Committee**, which assists the Board in matters relating to, *inter alia*, the **selection and appointment** of members of the Board of Directors; the **assessment of performance**; the Bank's **corporate governance system**; and the supervision of the **conduct** of directors and any conflicts of interest that may affect them.

In addition to the provisions set out in the legislation and in the Regulations of the Board of Directors, the Committee's functions, operation rules and composition are set forth in its own Regulations, approved by the Board of Directors and available on the Bank's website, www.bbva.com.

Furthermore, in order to better perform its functions, the Appointments and Corporate Governance Committee takes into consideration applicable best practices and recommendations that have been issued by both national and international bodies, such as the joint European Securities Markets Authority and European Banking Authority Guidelines on the assessment of the suitability of members of the management body and key function holders (EBA/GL/2021/06) and the CNMV Technical Guide 1/2019 on appointment and remuneration committees.

1 Composition

In accordance with the Regulations of the Board of Directors, the Appointments and Corporate Governance Committee shall comprise a minimum of three members, appointed by the Board of Directors. All members must be non-executive directors, and the majority, including its Chair, must be independent directors.

In 2021, the composition of the Appointments and Corporate Governance Committee was unchanged and, at the close of 2021, it was comprised of the following directors:

Director	Role	Status	Date of appointment as a Committee member
José Miguel Andrés Torrecillas	Chair	Independent	31/03/2016
Belén Garijo López	Member	Independent	27/06/2018
José Maldonado Ramos	Member	External	25/05/2010
Juan Pi Llorens	Member	Independent	29/04/2019
Susana Rodríguez Vidarte	Member	External	28/03/2007

The members of the Committee are appointed by the Board of Directors, seeking to ensure that they have the required commitment, skills and experience to perform their duties. The profiles of each member of the Committee, including information regarding their knowledge and experience, are available on the Entity's website.

1 Operation

The Appointments and Corporate Governance Committee, in accordance with its own Regulations, will meet whenever it is convened by its Chair, who is empowered to call the Committee and to set the agenda for its meetings, in accordance with the proceedings set forth for the calling of ordinary and extraordinary meetings.

The Committee met on five occasions in 2021, with all of its members participating in the meetings.

The Committee performs its duties with full operational autonomy, and it is led by its Chair who, in order to promote a diversity of views that enriches the Committee's analyses and proposals, ensures that all members participate freely in deliberations and promotes constructive dialogue amongst them, encouraging the free expression of their views.

Executives responsible for the areas that manage matters within the Committee's remit may be called to the meetings, as well as, at the request thereof, those persons within the Group who have knowledge of or responsibility for the matters covered by the agenda, when their presence at the meeting is deemed convenient.

The Committee may also call any other Group employee or manager, and even arrange for them to attend without the presence of any other manager. Notwithstanding the foregoing, it seeks to ensure that the presence of persons outside the Committee during these meetings be limited to those cases where it is necessary and to the items of the agenda for which they are called.

The Committee may also engage external advisory services for relevant issues when it considers that these cannot be provided by experts or technical staff within the Group on grounds of specialisation or independence; and may solicit personal cooperation and reports from any employee or member of the Senior Management if deemed necessary in order to comply with its functions in relevant matters.

In addition, the Committee has reported to the Board of Directors on the activity performed by the Committee in each one of its meetings, through reports made available to the Board members in the Board meetings held after the corresponding Committee meeting.

Functions

Pursuant to article 5 of the Regulations of the Appointments and Corporate Governance Committee, the Committee will have the following functions, inter alia:

- Submit proposals to the Board of Directors for the appointment, re-election or removal of independent directors and report on proposals for the appointment, re-election or removal of the remaining directors.
- Submit proposals to the Board of Directors on policies on the selection and diversity of the members of the Board of Directors.
- Establish a target for representation of the underrepresented gender on the Board of Directors and draw up guidelines on how to reach that target.
- Analyse the structure, size and composition of the Board of Directors, at least once per year, when assessing its operation.
- Analyse the suitability of the members of the Board of Directors.
- Review the status of each director each year, so that this may be reflected in the Annual Corporate Governance Report.
- Submit to the Board of Directors proposals for the appointment, removal or re-election of the Lead Director.
- Determine the procedure for assessing the performance of the Chairman of the Board of Directors, the Chief Executive Officer (*Consejero Delegado*), the Board of Directors as a whole and the Board's committees, and oversee its implementation.
- Report on the quality and efficiency of the performance of the Board of Directors.

- Report on the performance of the Chairman of the Board of Directors and of the Chief Executive Officer, integrating for the latter the assessment made in this regard by the Executive Committee, for the purpose of the periodic assessment of both by the Board of Directors.
- Report on proposals for the appointment and removal of senior managers.
- Regularly review and assess the Bank's Corporate Governance System and, where applicable, submit proposals to the Board of Directors, for approval or submission to the General Shareholders' Meeting, on any amendments and updates that would contribute to its implementation and continuous improvement.
- Ensure compliance with the provisions applicable to directors contained in the Regulations of the Board of Directors or in the applicable legislation.

■ Activity of the Committee in 2021

The main activities carried out by BBVA's Appointments and Corporate Governance Committee in 2021, in accordance with its functions, are described below:

- **Appointment and re-election of directors**

The activities of the Appointments and Corporate Governance Committee regarding the appointment and re-election of directors form part of the progressive and orderly refreshment process of the Corporate Bodies developed by the BBVA Board of Directors, under which individuals with different profiles and experience are admitted 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. This guarantees a balanced representation of directors with diverse experience on the Board.

To this end, the Appointments and Corporate Governance Committee, in the performance of its functions, assesses the balance of knowledge, skills and experience on the Board, the conditions that candidates must satisfy to fill any vacancies that arise, and the time commitment considered necessary to enable them to adequately carry out their duties, according to the needs of the Corporate Bodies at any given time.

In addition, the Appointments and Corporate Governance Committee carries out the renewal and selection of directors within the framework of the aforementioned progressive and orderly refreshment process, taking into consideration, among other matters, the forecasts and objectives regarding the structure, size and composition of the Board as set out in applicable legislation, the Regulations of the corporate bodies and the Policy on the selection, suitability and diversity of the Board of Directors, approved by this body (the Selection Policy); as well as the finalisation of the directors' statutory terms, as appropriate for each financial year, also using the skills and diversity matrix of the directors.

In this regard, the Committee ensures that the selection processes favour diversity; that, in general, they are free from implicit biases that could result in any kind of discrimination; and that they ensure that they facilitate the selection of a sufficient number of female directors to guarantee a balanced representation of men and women (taking into consideration the objective set out in the Selection Policy that women should make up at least 40% of all directors by the end of 2022); endeavouring to ensure that women with the relevant professional profile are included amongst potential candidates.

In the performance of its functions, the Appointments and Corporate Governance Committee may employ external services to select potential candidates, when it deems this necessary or appropriate.

When drafting proposals for the appointment of directors, the Committee will take into consideration, in case they may be considered suitable, any requests made by any member of the Board of Directors regarding potential candidates to fill the vacancies that have arisen.

All of the above was taken into consideration at the beginning of 2021, in relation to the re-elections that were submitted to the Annual General Shareholders' Meeting held in April 2021.

Thus, with regard to the directors whose re-election was approved by the General Meeting (in particular, the re-election of six independent directors and one external director), the Committee verified that they all had the knowledge, skills and experience required to perform the role of director, that they had the dedication, availability, objectivity and independence and followed the Bank's culture and values, that they met the rest of the necessary suitability requirements and that they had no limitations or incompatibilities for the position; and it also reviewed the status that each candidate for re-election would have.

The Committee also analysed and confirmed the contribution that each candidate would make to the adequate composition of the Board of Directors, as well as to the proper operation and performance of functions of the Corporate Bodies.

Following this, the Committee agreed to submit its respective reports, in accordance with its Regulations, as indicated in this document.

Finally, ahead of the 2022 Annual General Shareholders' Meeting, and considering the constant analysis of the structure, size and composition of the Board, in the 2021 financial year, the Committee developed a selection process for directors, within the framework of the progressive and orderly refreshment process, inspired by the principles of the Regulations of the Board and the Selection Policy; also taking into account the abovementioned objective of female directors representing at least 40% of the Board before the end of the 2022 financial year. In addition, it is based on a current situation in which women make up one third of the Board, which fulfils the objective set out in the Selection Policy that applies at this time.

This process has favoured the diversity of experiences, knowledge, skills and gender. It has also been free from implicit bias that could lead to any kind of discrimination, and has included women who may meet the desired professional profile; taking into account the criteria outlined in the Selection Policy.

All of the above formed the basis of the Appointments and Corporate Governance Committee's proposals and reports on director re-elections and appointment, which are submitted, in turn, by the Board of Directors to the 2022 Annual General Shareholders' Meeting, as can be verified with the documentation made available to the Bank's shareholders for said General Meeting.

- **Assessment of the Board of Directors, the Chairman and the Chief Executive Officer**

In compliance with its functions set out in its Regulations, the Appointments and Corporate Governance Committee has analysed the structure, size and composition of the Board of Directors and informed the Board of its assessment of the quality and efficiency of the Board's operation, as well as its assessment of the performance of duties of the Chairman of the Board and of the Chief Executive Officer during 2021.

Similarly, the Committee has determined the procedure for assessing the performance of the Board, the Committees, the Chairman of the Board and the Chief Executive Officer for 2021.

Therefore, in order to comply with the Recommendation 36 of the Good Governance Code of listed companies, the Committee determined the desirability of incorporating the expert advice of an independent external firm for the Board's assessment procedure in the 2021 financial year, where 2018 was the financial year in which the last analysis by an external party took place.

This advice has been carried out by the company Promontory Financial Group, after the verification of its independence by the Appointments and Corporate Governance Committee, and it has allowed that company to carry out an independent and in-depth review of the evolution of BBVA's Corporate Governance System in the last three financial years, including, in particular, the various improvement measures implemented; submitting its report of conclusions to the Appointments and Corporate Governance Committee at the beginning of the 2022 financial year.

In this regard, the independent external expert who has aided in the Board of Directors assessment process has intervened throughout the financial year in the provision of other consulting services for the Company, and there are no known significant business relationships between the Company and the external consultant or any other company in its group. Furthermore, it is indicated that the external expert has not advised the company on appointment of directors or senior managers or on remuneration systems.

To this effect, in 2021, the Committee conducted an ongoing analysis of the structure, size and composition of the Board, which included gender diversity as well as the knowledge, skills and experience required of its members. It also included the results from the evaluation of the directors' status, their independence and suitability, as well as the level of dedication of the Board members required for the proper performance of the directors' duties and the function of the Corporate Bodies. All in accordance with the needs of Corporate Bodies at any given time and taking into consideration the Selection Policy.

Following this, the Committee's conclusion was favourable with regard to the structure, size and composition of the Board of Directors.

Moreover, in terms of the quality and efficiency of the operation of the Board and its Committees, the Committee has analysed, in addition to the foregoing, the evolution of the Corporate Governance System during the 2021 financial year, the operation of the Corporate Bodies during the year, the activities carried out in the fulfilment of their functions, the functioning of the decision-making process, the supervision and control model and the reporting model, the organisation and planning of meetings, and the operation and coordination of the Committees, among other matters. The assessment procedure incorporated the opinions of the directors, among other information.

Following this, the Committee resolved to provide a favourable report on the quality and efficiency of the operation of the Board of Directors in financial year 2021.

The Appointments and Corporate Governance Committee has additionally analysed the performance of the duties of the Chairman and the Chief Executive Officer in 2021, having integrated into the assessment procedure the opinions of the directors, among other information, as well as, in the case of the Chief Executive Officer, the assessment of the Executive Committee, having resolved to report favourably on the performance of duties of both roles in financial year 2021.

- **Review of directors' suitability**

Within the framework of the assessment of the performance of the members of their management body, credit institutions must continuously assess the suitability of the members of their Board of Directors. For the purpose of conducting this ongoing assessment, the Committee has analysed the suitability of BBVA directors to perform their duties and has reported favourably to the Board of Directors in this regard.

- **Review of directors' independent status**

In accordance with its Regulations, the Appointments and Corporate Governance Committee is responsible for the annual review of each director's status so that it can be reflected in the Bank's Annual Corporate Governance Report.

The Committee has reviewed the independent status of all directors who, according to the definition established in article 1 of the Regulations of the Board of Directors, had this status at the close of 2021; analysed possible changes in their personal circumstances; and concluded that there were no reasons for them not to retain their independent status. The Committee informed the Board of Directors so that these conclusions could be included in the Annual Corporate Governance Report.

- **Changes in the composition of Senior Management**

In 2021, the Committee analysed the proposals for the removal and appointment of members of the Bank's Senior Management submitted over the course of the year. The Committee analysed the required profile, the steps followed for the identification and selection process for each candidate, the candidates under consideration, and the conclusions of the internal analysis of the suitability of the person selected in each case.

Finally, the Appointments and Corporate Governance Committee issued its report in favour of the proposed changes, which were subsequently approved by the Board.

- **Assessment and review of the Corporate Governance System**

With regard to functions relating to the Bank's Corporate Governance System, the Committee worked on this matter in 2021, and in this respect, it reviewed the draft of the Annual Corporate Governance Report for the 2020 financial year.

Moreover, the Committee also received information on the outcome of the 2021 Corporate Governance Roadshow, according to which meetings were held with the Bank's main institutional investors and proxy advisors over the last months of the year, in order to explain the main elements of the Bank's Corporate Governance System and its evolution during the year, and to receive their feedback and points of view and to respond to their information requests. A joint team from the General Secretariat and Investor Relations areas took part in these meetings, as well as the Lead Director.

Furthermore, the Committee carried out an analysis of the revised regulations during the 2020 financial year with a view to determining their impact on the Corporate Governance System. As a result of this analysis, it was determined it would be appropriate to amend the By-laws and Regulations of the General Meeting to accommodate the holding of the Meeting in a fully remote manner and those amendments were approved by the General Meeting held on 20 April 2021.

- **Matters of director conduct**

The Committee verified that the circumstances set out in the BBVA Directors' Remuneration Policy for the application of malus and clawback clauses related to the conduct of executive directors, had not occurred, for the purpose of payment of the variable remuneration accrued in previous years.

All of the above issues, along with other matters within its remit, were included in the Committee's activity report for financial year 2021, which, along with the activity reports of the Committee made available to directors, has allowed the Board to be informed on the activities carried out by the Committee and assess its operation.

Thus, the Board of Directors received, in its meeting held on 2 February 2022, the report of the Committee Chair on the activity of the Committee carried out during 2021. The Board of Directors assessed the work carried out by the Appointments and Corporate Governance Committee, in accordance with the functions assigned to it, giving a favourable assessment of the quality and efficacy of its operation.

Remuneration Committee Activity

In accordance with Article 48 of the Bylaws and Article 34 of the Regulations of the Board of Directors, and in order to better perform its functions, the BBVA Board of Directors has a **the Remuneration Committee** to assist the Board of Directors in remuneration matters within its remit and, in particular, those relating to the **remuneration of directors**, to the **senior managers** and to any employees whose professional activities have a material impact on the **risk profile** (the "**Identified Staff**"), ensuring that the established remuneration policy is observed.

In addition to the provisions set out in the legislation and in the Regulations of the Board of Directors, the Committee's functions, operation rules and composition are set forth in its own Regulations, approved by the Board of Directors. All these documents are available on the bank's website (www.bbva.com).

Furthermore, in order to better perform its functions, the Remuneration Committee heeds all applicable best practices and recommendations that have been issued by both national and international bodies, including, but not limited to, the Guidelines on Sound Remuneration Policies (EBA/GL/2021/04) and the National Securities Market Commission's Technical Guide 1/2019 on Nomination and Remuneration Committees.

1 Composition

The Regulations of the Remuneration Committee establish that the Committee must be comprised of a minimum of three non-executive directors and the majority, including the Chair, must be independent directors.

At the end of the 2021 financial year, the Remuneration Committee was comprised of the following directors:

Director	Role	Status	Date of appointment as a Committee member
Belén Garijo López	Chair	Independent	31/03/2016
Lourdes Máiz Carro	Member	Independent	31/05/2017
Ana Peralta Moreno	Member	Independent	27/06/2018
Carlos Salazar Lomelín	Member	External	29/04/2020
Jan Verplancke	Member	Independent	29/04/2020

The members of the Committee are appointed by the Board of Directors, seeking to ensure that they have the required commitment, capacity and experience to perform their duties. The profiles of each member of the Committee, including the information regarding their knowledge and experience, are available on the Institution's website.

1 Operation

The Regulations of the Remuneration Committee specifically provide, among other things, that the Remuneration Committee will meet whenever it is called to do so by its Chair, who is empowered to call the Committee and to set the agenda for its meetings, in accordance with the procedure established for calling ordinary and extraordinary meetings.

The Committee performs its functions with total operational autonomy, led by its Chair, who, in order to promote a diversity of views that enriches the Committee's analyses and proposals, seeks to ensure

that all members participate freely in deliberations, promoting both constructive dialogue among them and the free expression of their views.

Executives responsible for the areas that manage matters within their remits may be called to meetings, as well as, at their request, those individuals within the Group with knowledge or responsibility over the matters included in the agenda, provided that their presence at the meeting is deemed appropriate.

The Committee may also request any other Group employee or manager to appear, and even arrange for them to attend without the presence of any other manager. Notwithstanding the foregoing, it will seek to ensure that the presence of individuals outside the Committee during these meetings be limited to those cases where it is necessary and to the specific agenda items they are called to clarify.

In 2021, the Committee met on seven occasions, and all meetings were attended by all its members. The managers of areas and units responsible for the matters addressed at each Committee meeting also participated in these meetings.

In order to perform its functions adequately, the Committee may seek advice from the Bank's internal services. The Committee may also engage external advisory services for relevant issues when it considers that these cannot be properly provided by experts or technical staff within the Group on grounds of specialization or independence.

In addition to the insights provided by BBVA's internal services, in 2021, the Committee commissioned two leading firms to provide advisory support in matters concerning remuneration of directors and senior managers: Willis Towers Watson, for benchmarking and market analysis, and J&A Garrigues, S.L.P., for the legal assessment of the update in 2021, of both directors' remuneration policy and the BBVA Group remuneration policy.

In furtherance of its remit, the Remuneration Committee relies on the collaboration of the Risk and Compliance Committee which, in accordance with its own Regulations, participates in the process of establishing the remuneration policy, ensuring that it is consistent with sound and effective risk management and does not encourage taking risks that exceed the levels tolerated by the Institutions.

In addition, the Committee reported to the Board of Directors about its activity at each one of its meetings, by means of the reports made available to the Board's members at the first Board meeting held after the corresponding Committee meeting.

Mission

Article 5 of the Regulations of the Remuneration Committee specifies the functions to be performed by the Committee, which include:

- Propose to the Board of Directors, for submission to the General Meeting, the BBVA Directors' Remuneration Policy, and, also, submit to the Board its corresponding report, all in accordance with the terms established by applicable regulations at any given moment.
- Determine the remuneration of non-executive directors, as provided for in the BBVA Directors' Remuneration Policy, and submit the corresponding proposals to the Board of Directors.
- Determine the extent and amount of individual remunerations, rights and other economic rewards, as well as other contractual conditions for executive directors, so that these can be contractually agreed in line with the BBVA Directors' Remuneration Policy, by submitting the relevant proposals to the Board.
- Determine and propose to the Board the objectives and criteria for measuring the variable remuneration of the executive directors, and evaluate their degree of achievement.

- Analyze, where appropriate, the need to make ex-ante or ex-post adjustments to variable remuneration, including the application of reduction or recovery arrangements for variable remuneration, submitting the corresponding proposals to the Board, based on the report from the relevant Committees in each case.
- Propose the annual report on the remuneration of the Bank directors to the Board of Directors each year, which will then be submitted to the Annual General Shareholders' Meeting, in compliance with the applicable legislation.
- Propose to the Board of Directors, and oversee the implementation of, the remuneration policy for senior managers and other employees of the Identified Staff, including the process of determining the Identified Staff.
- Propose to the Board of Directors, and oversee the implementation of, the remuneration policy for the Group, which may include the policy for senior managers and other employees of the Identified Staff, stated in the previous paragraph.
- Submit to the Board of Directors the proposals for basic contractual conditions for senior managers, including their remuneration and compensation in the event of dismissal.
- Directly oversee the remuneration of senior managers and, within the framework of the remuneration model applicable to Senior Management at any given time, the objectives and criteria for measuring variable remuneration of the heads of the Regulation & Internal Control area and the Internal Audit area, submitting the corresponding proposals to the Board of Directors, based on those submitted to it in turn by the Risk and Compliance Committee and the Audit Committee, respectively.
- Ensure compliance with the remuneration policies established by the Institution and review them periodically, proposing, where appropriate, any modifications that it deems necessary to ensure, among other things, that they are adequate for the purposes of attracting and retaining the best professionals, and that they contribute to the creation of long-term value and adequate control and management of risks, and address the principle of equal pay. In particular, the Committee shall ensure that the remuneration policies established by the Institution are subject to internal, central and independent review at least once a year.
- Verify the information on directors' and senior managers' remuneration contained in the different corporate documents, including the annual report on the remuneration of directors.
- Supervise the selection of external advisers, whose advice or support is required for the performance of their duties in remuneration matters, ensuring that any conflicts of interest do not impair the independence of the advice provided.

Committee activity in 2021

The activity of the Remuneration Committee during the 2020/21 financial year has been focused on performing the duties assigned to it pursuant to Article 5 of its own Regulations and developing the framework established in the BBVA Directors' Remuneration Policy applicable in the financial year, which was approved by the General Shareholders' Meeting held in 2021 (the "**BBVA Directors' Remuneration Policy**") and in the BBVA Group General Remuneration Policy, also approved by the Board of Directors in 2021, which is generally applicable to all BBVA staff and which includes, in turn, the specific rules applicable to the Identified Staff.

In fulfilling its duties and the aforementioned remuneration policies the Committee carried out the actions described below in 2021, submitting to the Board of Directors, where appropriate, the pertinent proposals.

- **Matters related to the BBVA Directors' Remuneration Policy**

The Committee analyzed the approach for the approval of a new Directors' Remuneration Policy to replace the one currently in force approved by the General Meeting in 2019, for which it received advice from two leading firms in matters concerning remuneration of directors and senior managers: Willis Towers Watson, for market analysis and benchmarking and J&A Garrigues, S.L.P., for legal assessment.

The approval of this new Policy resulted from the need to incorporate the new regulations governing remuneration that came into force in 2021 (specifically the amendments established by Act 5/2021, of 12 April, in article 529 *novodecies* of the Corporate Enterprises Act, resulting from the transposition of Directive (EU) 2017/828 of the European Parliament and the Council of 17 May, amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement), as well as certain amendments that reflect advances in market practice and the outcome of dialogue between BBVA and its investors.

The Director's Remuneration Policy has been drafted and approved following the decision making process described therein and in the Annual Report on the Remuneration of Directors corresponding to year 2021, by virtue of which the Remuneration Committee, in fulfillment of its duty to assist the Board in matters regarding remuneration, proposed to the Board of Directors for submission to the 2021 Annual General Shareholders' Meeting, the Directors' Remuneration Policy together with its specific report and the resolution on the maximum number of shares to be awarded to executive directors in execution of this Policy and those shares required to comply with the fixed remuneration system with deferred delivery of BBVA shares to non-executive directors, in line with the provisions of the Policy.

This Policy was approved by the General Shareholders' Meeting held on March 20, 2021, for the 2021, 2022 and 2023 financial years, replacing the policy in force until then.

- **Matters related to the BBVA Group General Remuneration Policy**

In 2021, the Committee analyzed the approach for updating the BBVA Group Remuneration Policy, which is applicable, in general, to all employees and senior managers of BBVA and of the companies that comprise its Group, to adapt it, equally, to the regulatory developments that entered into force in said financial year and align it with the changes made to the Directors' Remuneration Policy. For this, the Remuneration Committee also benefited from advice provided by Willis Towers Watson and J&A Garrigues, S.L.P. The update of the BBVA Group Remuneration Policy was approved by the Board of Directors, at the proposal of the Remuneration Committee, on 30 June 2021.

- **Remuneration matters concerning non-executive directors**

The Committee was informed about the remuneration of non-executive directors for membership of the Board and, where appropriate, of the various Board Committees, as well as of the remuneration for the Lead Director and Deputy Chairman positions, approved by the Board of Directors at the time, in accordance with the system provided for in the BBVA Directors' Remuneration Policy. The Committee resolved not to submit a proposal to the Board for its amendment.

- **Remuneration matters concerning executive directors**

As for the remuneration matters for executive directors, in accordance with the BBVA Directors' Remuneration Policy, the Committee took the following actions, submitting the relevant proposals to the Board:

- The Committee acknowledged the decision of the executive directors, senior managers and certain members of the Identified Staff to waive the generation of the Annual Variable Remuneration (AVR) for 2020, in view of the exceptional circumstances arising from the COVID-19 crisis, which, in the case of the executive directors, meant that no AVR corresponding to 2020 was accrued.

However, taking into account that 15% of the agreed annual contributions to the pension systems to cover the retirement contingency, in compliance with applicable regulations and the provisions set forth in the Directors' Remuneration Policy, are considered to be "Discretionary Pension Benefits" which are normally calculated by reference to the result of the Annual Variable Remuneration; the Committee determined both the calculation model and the amount of the "Discretionary Pension Benefits," corresponding to financial year 2020 of the Chairman and the former executive director José Manuel González-Páramo Martínez-Murillo that had to be registered in the accumulated fund of the pension system in 2021.

- The Committee determined the Deferred Portion of the Annual Variable Remuneration of the executive directors for 2017, which fell due in 2021 (60% of the Deferred Portion in the case of the Chairman; and the entirety of the Deferred Portion in the case of the Chief Executive Officer), verifying that, in light of the results of the pre-established multi-year performance indicators and in application of the corresponding targets, scales and weightings approved by the Board at the time; no downward adjustment had to be made, given that all established thresholds had been exceeded. Also, the Committee determined the update of the part in cash of this remuneration applying the criteria approved at the time.
- The Committee analyzed the novation of the Chairman's contract, to adjust its terms and conditions in line with the amendments included in the new Directors' Remuneration Policy approved in 2021.
- The Committee determined the minimum thresholds for Attributable Profit and Capital Ratio to generate the 2021 Annual Variable Remuneration in line with those applied for the rest of the BBVA staff, including the members of Senior Management.
- The Committee determined the multi-year performance indicators and their corresponding weightings for the calculation of the 2021 Annual Variable Remuneration of the executive directors, as well as the multi-year performance indicators applicable to the Deferred Portion of this remuneration; as well as its updating rules (applicable to the cash portion). All of which would also apply to the rest of the Identified Staff. For this purpose, it took into account the previous analysis carried out by the Risk and Compliance Committee, which ensured its compatibility with the Bank's risk profile.
- It determined the objectives and scales of achievement associated with the annual performance indicators for the 2021 Annual Variable Remuneration for executive directors.

• **Remuneration matters concerning Senior Management**

The Committee determined the basic contractual conditions, applicable to the members of the Bank's Senior Management appointed by the Board of Directors on 22 December 2020 and 29 July 2021, respectively, as well as the review of the contractual conditions of certain members of the Bank's Senior Management. The foregoing in accordance with the basic contractual framework approved by the Board of Directors for the Senior Management team at the time.

Similarly, it oversaw the deferred variable remuneration for the 2017 financial year payable in 2021 to those members of the Senior Management entitled to this remuneration.

Also, and as a result of the hierarchical dependency of the heads of Internal Audit and Regulation and Internal Control from the Board of Directors, the Committee, on the basis of the information analyzed by the Audit Committee and the Risk and Compliance Committee, respectively, submitted to the Board a proposal for the establishment of the targets and annual performance indicators for calculating the Annual Variable Remuneration corresponding to financial year 2021 for the heads of these functions.

- **Remuneration matters concerning Identified Staff**

Regarding matters related to the Identified Staff, the Committee determined the scales of achievement of the multi-year performance indicators of the 2020 Annual Variable Remuneration, as well as the peer group for the TSR indicator (Total Shareholder Return), which is one of these indicators, for those members of the Identified Staff who had not waived it in its entirety.

Also, the Committee determined that the multi-year performance indicators for the 2021 Annual Variable Remuneration of executive directors, and the rules for updating the cash amount of said remuneration, were also applicable to the rest of the Identified Staff.

- **Other activities**

In performing its functions, the Remuneration Committee engaged in other activities, submitting to the Board of Directors, for their subsequent submission to the General Shareholders' Meeting, in addition to the aforementioned new Directors' Remuneration Policy, together its corresponding report, the following proposals:

- The Annual Report on the Remuneration of Directors of BBVA corresponding to financial year 2020, which was submitted to a consultative vote and approved at the General Meeting held on 20 April 2021.
- The increase of the maximum variable remuneration level up to 200% of the fixed component applicable to a certain number of members of the Identified Staff, which was approved by the General Shareholders' Meeting held on 20 April 2021. The Committee also proposed to the Board the Report that accompanies this resolution and that was made available to the Bank's shareholders.

- **Assistance to the Board in overseeing the application of approved remuneration policies**

The Committee supervised the implementation, in the 2021 financial year, of the approved remuneration policies (the BBVA Directors' Remuneration Policy for Directors and the BBVA Group Remuneration Policy, which includes the specific rules applicable to the Identified Staff), all based on the annual report drafted by the Internal Audit area.

- **Information on the process of identifying the Identified Staff**

Likewise, the Board was informed of the progress and outcome of the process of identifying the Identified Staff of BBVA and its Group in 2021, and that it was not necessary to request specific exclusions for said Identified Staff to the Supervisor in that same financial year.

- **Review of the information on the remuneration of directors and senior managers in public documentation**

Moreover, the Committee verified the information regarding the remuneration of directors and senior managers included in the Financial Statements and the Annual Report on the Remuneration of Directors for financial year 2020.

- **Strategic reflection on BBVA's remuneration policies**

Also, in pursuance of its function to periodically review the Bank's remuneration policies established to ensure, among other things, that they are adequate for the purposes of attracting and retaining the best professionals, and that they contribute to the creation of long-term value, the Committee, with support from the leading independent firm on remuneration matters, Willis Towers Watson, continued analyzing and reviewing the remuneration policies to ensure their assignment with the Bank's strategic approaches.

Finally, the Committee, in financial year 2022, worked on the proposals that it would submit to the Board of Directors for submission to the General Meeting, and therefore proposed to the Board of Directors:

- The Annual Report on the Remuneration of Directors of BBVA corresponding to financial year 2021; and
- The increase of the maximum level of variable remuneration up to 200% of the fixed component of total remuneration for certain members of the Identified Staff. These matters will be submitted to the next General Shareholders' Meeting for approval.

All of the matters set forth above, as well as other matters within its remit, were included in the Remuneration Committee's 2021 activity report, which, alongside the monthly activity reports that the Committee provided to directors, has enabled the Board to be informed of the activities carried out by the Committee in the year and to assess its functioning.

Thus, the Board received, at its meeting held on 2 February 2022, the report from the Chair of the Remuneration Committee regarding the Committee's activity in financial year 2021, in line with the contents of this Activity Report. The Board assessed the work carried out by the Remuneration Committee during the financial year, in accordance with the functions assigned to it, giving a favorable assessment of the quality and efficacy of its operation.

Activity of the Technology and Cybersecurity Committee

In accordance with article 48 of the Bylaws and article 36 of the Regulations of the Board of Directors, BBVA's Board of Directors, in order to better perform its functions, has set up a **Technology and Cybersecurity Committee**, which assists the Board of Directors in **overseeing technological risk, managing cybersecurity** and monitoring the Group's **technology strategy**.

In addition to the provisions set out in the legislation and in the Regulations of the Board of Directors, the Committee's functions, operation rules and composition are set forth in its own Regulations, approved by the Board of Directors and available on the Bank's website, www.bbva.com.

■ Composition

The Technology and Cybersecurity Committee is currently composed by five members, appointed by the Board of Directors, four of whom are independent directors.

At the end of 2021, after some change in its composition during the year, the Technology and Cybersecurity Committee was made up of the following directors:

Director	Role	Status	Date of appointment as a Committee member
Carlos Torres Vila	Chair	Executive	31.03.2016
Raúl Galamba de Oliveira	Member	Independent	29.04.2020
Sunir Kumar Kapoor	Member	Independent	31.03.2016
Juan Pi Llorens	Member	Independent	31.03.2016
Jan Verplancke	Member	Independent	27.06.2018

All members of the Committee have knowledge and experience in technology, information systems and/or cybersecurity. The profiles of each member of the Committee, including information regarding their knowledge and experience, are available on the Entity's website.

■ Operation

The Regulations of the Committee stipulate that the Committee will meet whenever called to do so by its Chair, who is empowered to convene the Committee and to set the agenda for its meetings, as per the procedure set out in the Regulations of the Committee on the calling of ordinary and extraordinary meetings.

In the 2021 financial year, the Technology and Cybersecurity Committee has met eight times, in which all the members who have been part of it during the financial year have attended all the sessions held.

The Committee performs its functions with full operational autonomy, led by its Chair, who, in order to promote a diversity of views that enriches the Committee's analyses and proposals, seeks to ensure that all members participate freely in deliberations, promoting both constructive dialogue amongst them and the free expression of their views.

Executives responsible for the areas that manage matters within the Committee's remit may be called to meetings, as well as, at the request thereof, those persons within the Group who have knowledge of or responsibility for the matters covered by the agenda, when their presence at the meeting is deemed appropriate.

The Committee may also call any other Group employee or manager, and even arrange for them to appear without the presence of any other manager. Notwithstanding the foregoing, it seeks to ensure that the presence of persons outside the Committee during these meetings, such as Bank managers and employees, is limited to those cases where it is necessary and to the items on the agenda for which they are called.

The Committee may also engage external advisory services for relevant issues when it considers that these cannot be properly provided by experts or technical staff within the Group on grounds of specialisation or independence. Furthermore, the Committee may solicit personal cooperation and reports from any employee or member of the Group's Senior Management, if deemed necessary in order to fulfil its functions in relevant matters.

Likewise, the Committee has reported to the Board of Directors the activity carried out by it in each of its sessions, through the reports made available to the members of the Board in the sessions after the holding of each meeting of the Committee.

■ Functions

In accordance with the powers conferred on it by Article 5 of the Regulations of the Technology and Cybersecurity Committee, the Committee's remit is to assist the Board in:

Overseeing technological risk and managing cybersecurity:

- Review the Group's main technological risks, including the risks related to information security and cybersecurity, as well as the procedures adopted by the executive area for monitoring and control of these exposures.
- Review the policies and systems for assessment, control and management of the Group's technological infrastructures and risks, including the response and recovery plans in the event of cyberattacks.
- Be informed of business continuity plans in matters of technology and technological infrastructure.
- Be informed, as appropriate, of: (i) compliance risks associated with information technology; and (ii) the procedures established for identifying, assessing, overseeing, managing and mitigating these risks.
- Be informed of any relevant events that may have occurred with regard to cybersecurity, i.e. events that, either in isolation or as a whole, may cause significant impact or harm to the Group's equity, results or reputation. Such events will, under all circumstances, be communicated to the Chair of the Committee as soon as they are identified.
- Be informed, as often as required by the head of the Technological Security area, of the activities carried out thereby, as well as of any incidents that may arise.

Monitoring the technological Strategy:

- Be informed, as appropriate, of the technology strategy and trends that may affect the Group's strategic plans, including through monitoring general trends in the sector.
- Be informed, as appropriate, of the metrics established by the Group for management and control in the technological area, including the Group's developments and investments in this area.

- Be informed, as appropriate, of issues related to new technologies, applications, information systems and best practices that may affect the Group's technological plans or strategy.
- Be informed, as appropriate, of the main policies, strategic projects and plans defined by the Engineering area.
- Report to the Board of Directors and, where appropriate, to the Executive Committee, on matters related to information technologies falling within its remit.

Activity of the Committee in 2021

The main activities carried out by the BBVA Technology and Cybersecurity Committee in the 2021 financial year are described below:

- **Review of the Group's exposure to technological risk**

As set forth in the Regulations of the Technology and Cybersecurity Committee, the Committee has reviewed the Bank's and the Group's main technological risk exposures, including risks relating to information security and cybersecurity, ensuring that the executive area is equipped with procedures for monitoring and controlling these exposures.

- **Risk evaluation, control and management**

The Committee has monitored the Group's technological infrastructures and risks.

As part of the performance of its duties in this area, the Committee has been informed of the updating of the framework of technological risks to which the Group is exposed, as well as of the measures to identify, manage, monitor and mitigate this type of risk.

In particular, the Committee has been informed in greater detail about the identification, management, monitoring and mitigation, on the one hand, of the risks related to Information Technology (IT) that the Group faces as a consequence the contracting of suppliers for the provision of services; and, on the other hand, of the main risks associated with the use of shadow IT elements.

Likewise, and in the area of compliance risks of a technological nature, the Commission has been informed of how the Bank complies with the provisions of the EBA guidelines on risk management associated with information and security technologies (ICT Guidelines).

On the other hand, the Commission has also been informed of the progress made in the business continuity strategy from the point of view of technological infrastructure.

Additionally, the Committee has been informed during the first half of the year of the activity carried out by the Engineering Area to deal with the impacts derived from the pandemic, from three points of view: ensuring business continuity, reinforcing protection against cyberattacks and attempts of fraud and the activity of the war rooms created to manage the impacts of COVID-19.

- **Cybersecurity**

The Commission has been informed of the progress in the main cybersecurity programs, of the evolution of the defined metrics and of future plans.

Likewise, the Committee has received information from the head of the Corporate Security Unit on the main cybersecurity events that have occurred, both at the industry level and those relevant that, where appropriate, have affected the BBVA Group, explaining, respectively, how the Group is

prepared to deal with attacks of similar characteristics, or how it has managed to deal with the attacks or, where appropriate, mitigate their consequences for the Group.

- **Technology strategy**

During 2021, in the field of the Group's technology strategy, the Committee has received information, on the matter of the Group's technology strategy from the heads of the Engineering Area, regarding the main strategic projects and plans defined by that Area, with a focus on those related to the platform and the core banking systems, the transformation of the software solutions development function, the reliability and resilience of the Group's platform and technological systems, the development of engineering solutions for the rest of the Group's areas, as well as the communication networks and systems.

Within the context of these plans and projects, the Committee has been informed of technological trends and of other issues pertaining to new technologies, applications, IT systems and best practices that affect or may affect the Group's technology strategy or plans.

In addition, the Committee has received recurring updates on the metrics established by the Group for management and control in the technological field.

All of the matters covered above, as well as other matters within its remit, were included in the Committee's 2021 activity report, which, alongside the activity reports that the Committee provided to directors, has enabled the Board to stay abreast of the activities carried out by the Committee and, ultimately, assess its functioning.

As such, at its meeting on 22 December 2021, the Board received the Chair's report on the activities carried out by the Committee for the 2021 financial year. The Board assessed the work carried out by the Technology and Cybersecurity Committee in compliance with the functions assigned to it, and gave a favourable assessment of the quality and efficacy of its operation.