

Board of Directors Report

Appointment of Connie Hedegaard as an independent director

February 9, 2022

1. Introduction

In accordance with Article 3 of the Regulations of the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter “**BBVA**” or the “**Bank**”), and in compliance with Article 529 decies of the Spanish Corporate Enterprises Act, the Appointments and Corporate Governance Committee is responsible for proposing the appointment of members of the Bank's Board of Directors who are categorized as independent directors.

The aforementioned article of BBVA's Regulations of the Board of Directors, in compliance with the Spanish Corporate Enterprises Act, also states that proposals by the Appointments and Corporate Governance Committee must always be accompanied by a supporting report from the Board of Directors assessing the skills, experience and merits of the proposed candidate, which will be attached to the minutes of the General Shareholders' Meeting or of the Board of Directors meeting.

In order to comply with the above, the Bank's Board of Directors has prepared this report, which accompanies the proposal to appoint Connie Hedegaard Koksbang as a member of the Bank's Board of Directors as an independent director, submitted to BBVA's Annual General Shareholders' Meeting (hereinafter the “**Report**”).

2. Proposal by the Appointments and Corporate Governance Committee

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

Therefore, in accordance with the provisions of its Regulations, the Appointments and Corporate Governance Committee has analyzed the current structure, size and composition of the Corporate Bodies, taking into account that these must remain balanced and adapted to the needs of these bodies at any given time, and that the Board, as a whole, must possess the appropriate knowledge, skills and experience to be able to understand the businesses, activities and main risks of BBVA and its Group, and thus ensure its effective ability to carry out its functions in the best corporate interest.

This analysis made by the Committee is carried out in the context of the Board's ongoing and systematic renewal of the Corporate Bodies, whereby people with different profiles and experiences are introduced at appropriate intervals, thus increasing diversity and ensuring adequate rotation of the Board members, thereby guaranteeing a balanced representation of directors on the Board with a range of experience; and, in short, a suitable composition of the Corporate Bodies at all times.

The analysis by the Committee also takes into account the forecasts and objectives concerning the structure, size and composition of the Board set out in the applicable regulations, the Regulations

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of the Corporate Bodies and in the Policy on the selection, suitability and diversity of the BBVA Board of Directors, as approved by this body (the “**Selection Policy**”).

In the light of the above, the Committee's analysis took into consideration the fact that the statutory terms of three of the Bank's current directors were set to end on the occasion of BBVA's Annual General Shareholders' Meeting in 2022.

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

Furthermore, the Committee's analysis, which forms the basis of appointment proposals, took into account the areas and subjects that are of particular relevance to the performance of the Corporate Bodies' functions, in particular the Group's current and future activities, business and strategy.

Among the information used by the Committee to carry out its work, of particular note was the "skills and diversity matrix" of the Board of Directors, which was developed by the Committee to more easily identify the Board's current skills, characteristics and experience, as well as those areas that needed to be improved in the future. The matrix also includes areas, sectors and matters that are of particular relevance to the Group's strategy and activities.

This matrix covers the areas of banking and financial services; accounting and auditing; risk management; innovation and information technology; strategy and macroeconomic environment; human resources and remuneration; institutional, legal and regulatory; and corporate governance and sustainability.

Similarly, the matrix provides for the professional experience and previous careers of directors in various areas such as the company, management bodies, public administration and academia, among others, at both national and international level; it also indicates the percentage of women and men on the Board.

In relation to the foregoing, the Committee has confirmed that the Board currently includes individuals with extensive knowledge and experience in the financial and banking field along with individuals who have experience and knowledge in each of the other areas analyzed; it also notes that there is diversity in the professional trajectories of directors, both nationally and internationally.

This diversity of the Board's skills, knowledge and experience has been strengthened following the ongoing in-depth process to renew the Corporate Bodies. As a result, individuals have been appointed who have enabled the Board to strengthen its skills, knowledge and experience in areas of particular relevance to the Bank's strategy, business and activities.

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

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

Furthermore, the Committee considers that independent directors contribute to a suitable composition of both the Board of Directors and its committees and, in particular, those that assist the Board in its supervision and control functions, which must have a significant number of independent directors.

Finally, the Committee notes that the current composition of the Board complies with the provisions of the applicable legislation, the Regulations of the Corporate Bodies and the objectives of the Selection Policy in this regard. In addition to the foregoing, it is worth noting that:

- there is an appropriate balance between the different types of director, as non-executive directors account for 86.67% of the total (which therefore meets the objective of an ample majority of non-executive directors); and independent directors account for two thirds of the Board (which therefore meets the objective of at least 50% of independent directors on the Board); and
- women currently represent one third of directors (thus meeting the specific target for 2021 and 2022 of at least 30% of female directors).

For the aforementioned reasons, the opinion of the Committee is that the Board of Directors, as a whole, currently has an adequate and diverse composition with a thorough knowledge of the background, strategy, activities, business and risks of the Bank and its Group. This results in a composition that is balanced and adapted to current needs, and thus helps ensure that the functions of the Corporate Bodies are carried out in the best corporate interest.

Pursuant to the foregoing, the Appointments and Corporate Governance Committee, as part of the process of progressive renewal of Corporate Bodies, has carried out a director selection process in recent months, to allow the Corporate Bodies to continue with a composition that enables them to carry out their functions after the proper fashion, in the best corporate interest, with the possibility of adding new profiles to boost diversity, and guarantee proper rotation of directors.

The foregoing takes account of the aforementioned objectives and conclusions concerning the composition of the Board of Directors, including the outcome of the Board's skills and diversity matrix, and the current existence of proper representation of non-executive and independent directors on the Board, among other issues.

In this process the Committee also took account of issues of particular interest and relevance at this time for Corporate Bodies and for the Bank's strategy defined by the Board, including, in this regard, sustainability and the fight against climate change; and the aim stipulated in the Selection Policy of striving to achieve at least 40% female directors before year-end 2022.

During the selection process, among other issues, the Committee strove to include candidates with the professional profile sought, with no implicit bias that could be discriminatory, thereby facilitating the selection of female directors, in order to meet the aforementioned target of at least 40% female directors on the Board in 2022.

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Candidates must also meet the requisites laid down in Law, in the Bylaws and in the Regulations of the Board of Directors that are necessary for directors on the Board to carry out their functions, including the criteria of suitability; and they must also have the dedication of time considered necessary so that they can adequately carry out their duties, according to the needs of the Corporate Bodies at any given time.

The selection process also benefited in its search for potential candidates from the advice of an independent consultant, an expert in this kind of process, which has helped the Committee select the appropriate profiles to be appointed to the Bank's Board of Directors.

In this regard, the Committee has analyzed the profiles of various potential candidates, among which that of Ms. Hedegaard, and subsequently decided to examine this in order to ascertain whether she could be a suitable candidate for a seat on the Board at the Bank.

Thus, when her profile had been examined, the Committee proceeded to analyze the different aspects of this candidate. This included, inter alia, her knowledge, skills and experience to be appointed as a director of the Bank, her willingness to exercise good governance, her recognized commercial and professional repute, fulfilment of the requirements to be considered an independent director, as well as the absence of incompatibilities, prohibitions and limitations for the performance of her functions.

On the basis of all the above, in accordance with BBVA's Corporate Bodies' needs, the structure, size and composition of the Board and the Selection Policy, the Appointments and Corporate Governance Committee deemed that Connie Hedegaard has the appropriate knowledge and experience to be appointed as a BBVA director. Her appointment would foster the diversity of knowledge, experience and gender on the Board of Directors, thus contributing to the proper composition and performance of the duties of the Corporate Bodies.

In view of the above, the Committee has agreed to propose her appointment as an independent director of the Bank.

3. Skills, experience and merits

In order to issue this Report, and as set out in the aforementioned regulations, the Board of Directors has assessed the skills, experience, merits and knowledge of the proposed candidate, for which it analyzed the following profile:

Connie Hedegaard has a Master's in Literature and History from the University of Copenhagen, and she has had an extensive professional career in the public sector in Denmark and the European Union, having held some extremely senior international posts, mainly in relation to sustainability and the fight against climate change.

After she took her first steps in politics, and after an initial phase as a journalist, in 2004 she was appointed Denmark's Minister for Climate and Energy, and subsequently Minister for Nordic Cooperation. In 2010 she was appointed European Commissioner for Climate Action and, after her five-year term, she moved on to become President of Denmark's Public Service Board, until 2016.

Ms. Hedegaard also has ample knowledge and experience on the field of sustainability, where she has held very relevant positions at the international level, being worth noting her leadership experience, for example, in the negotiations for the adoption of the 2030 Climate and Energy

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Framework in the European Union and, as European Commissioner in this area, she was responsible for the European Union's long-term strategy for 2050, in a bid to help the European Union achieve climate neutrality by 2050; and for the European Union's position in international climate negotiations during her term.

She also currently holds posts in a number of relevant bodies focusing on the transition of economies towards decarbonization, as Chairman of the OECD's Round Table on Sustainable Development; Chairman of the European Commission's Mission Adaptation to Climate Change, including Social Change; member of the Supervisory Board of the European Climate Foundation; and Chairman of CONCITO (the main "green" think tank in Denmark). It is also worth noting that she now sits on the board of companies such as Danfoss, Nordex or Cadeler, which operate either in the industrial environment, or in sectors which are making a contribution to decarbonization.

Being also worth noting that Ms. Hedegaard is member of the Climate and Environment Advisory Council of the European Investment Bank (EIB), with the duty of helping this institution (which has the role of providing financing for projects that help to achieve the European Union's aims) to reach its climate action and environmental sustainability ambitions.

Summary information on Ms. Hedegaard's training, professional experience and other occupations can be found in the curriculum vitae included in this Report as an **Appendix**, prepared in accordance with the information provided by the candidate. This will be made available to shareholders when the next Annual General Shareholders' Meeting is called.

In light of the above, the Board of Directors holds in great esteem the merits and excellent professional background of Ms. Hedegaard, highlighting her in-depth knowledge of a field so important to the Bank and the Corporate Bodies as sustainability, as she has held most senior posts in public bodies of enormous international importance in this area, and continues to carry out this kind of activity at the highest level.

All this would certainly contribute knowledge and analysis of sustainability and the fight against climate change by the Bank's Corporate Bodies, which have considered this an essential part of the Bank's strategy and activity.

This would also represent a contribution to the Corporate Bodies in view of her considerable institutional profile, her extensive knowledge of Europe's public and private sector, and broad knowledge of the regulatory environment.

Finally, the Board also sets much store by the following aspects of her profile:

- Her contribution to ensure achievement of the objectives set out in the Selection Policy, most particularly aiming to ensure that women account for at least 40% of Board members before year-end 2022, thus making headway in terms of increasing the presence of the underrepresented sex on the Board of Directors; and also would also help maintain the Board's international profile.
- Her contribution to ensure that the number of independent directors continues to account for two thirds of the total seats on the Board (thus ensuring that they account for at least 50% of all Board members at the Bank).

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4. Conclusion

As a result of the foregoing, taking into account the proposal issued for this purpose by the Bank's Appointments and Corporate Governance Committee, and in order to propose to the Bank's Annual General Shareholders' Meeting her appointment as a member of the Board of Directors as an independent director, for the statutory period of three years, the Board of Directors considers that Connie Hedegaard Koksbang possesses the necessary skills, experience and merits to be a member of the BBVA's Board of Directors.

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

The appointment of Ms. Hedegaard is subject to verification, by the European Central Bank, of the regulatory suitability requirements for the post of director of BBVA.

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Appendix: *curriculum vitae*

Connie Hedegaard

Born in 1960

Danish national

Masters in Literature and History from the University of Copenhagen

Professional background:

- 1984-1990 Member of the Danish Parliament
- 1990-1994 Journalist at Berlingske Tidende in Denmark
- 1994-1998 Director of DR Radio News
- 1998-2004 Anchor at Deadline, Danish TV DR2
- 2004-2009 Minister for the Environment and Minister for Climate and Energy (Denmark)
- 2005-2007 Minister for Nordic Cooperation (Denmark)
- 2005-2009 Member of the Danish Parliament
- 2010-2014 European Commissioner for Climate Action, European Commission
- 2015-2016 President of Denmark's Public Service Board

She is currently a member of the Sustainability Council at Volkswagen; Member of the Supervisory Board at the European Climate Foundation; Chairman of the OECD's Round Table on Sustainable Development; member of the Climate and Environment Advisory Council at the European Investment Bank (EIB); Chairman of the Board of Trustees at the KR Foundation; Chairman of CONCITO; Chairman of the European Commission's Mission Adaptation to Climate Change, including Social Change; and Chairman of the Board at Aarhus University.

Also, she is currently independent director at Danfoss A/S and non-executive director at Cadeler A/S. She is also non-executive director at Gazelle Wind Power Limited, but she will leave such position before taking over her position of director of BBVA; and she is also member of the supervisory board at Nordex SE, but she will leave such position at its Annual Shareholders' Meeting to be held in the coming weeks.