

# Report of the Board of Directors

## Appointment proposal of Sonia Lilia Dulá as independent director

February 2023

## 1. Introduction

In accordance with Articles 3 and 17.1.c) (i) of the Regulations of the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A. (“**BBVA**” or the “**Bank**”), and in compliance with Article 529 decies of the Spanish Corporate Enterprises Act, the Board of Directors is responsible for proposing the appointment of directors at the General Shareholders’ Meeting, on the proposal of the Appointments and Corporate Governance Committee in the case of independent directors.

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

In order to comply with the foregoing, the Bank's Board of Directors has prepared this report, which accompanies the proposal to appoint Sonia Lilia Dulá as a member of the Bank's Board of Directors, with the status of independent director, submitted to BBVA's Annual General Shareholders' Meeting (the “**Report**”).

## 2. Appointment proposal

In order to produce this Report, the Board of Directors has considered the proposal of BBVA's Appointments and Corporate Governance Committee, which was drafted in accordance with Article 529 decies 4 of the Spanish Corporate Enterprises Act and Article 3 of the Bank's Regulations of the Board, following an analysis of the structure, size and composition of the Board, so as to ensure that they are suitable for the performance of their functions and that the Board, as a whole, possesses the appropriate knowledge, skills and experience to be able to understand the business, activities and main risks of BBVA and its Group.

This analysis is carried out within the framework of the progressive and orderly refreshment of the corporate bodies performed by the Board, whereby individuals with different profiles and experience are introduced, thus increasing diversity and ensuring adequate rotation of the Board members.

In conducting this analysis, the following matters were taken into consideration:

- the characteristics of the Bank and its Group, as reflected in BBVA Group's Purpose and strategy, its corporate culture and values, as well as the environment in which the Bank conducts its business;
- BBVA's corporate governance system, based on (i) an appropriate composition of the Board of Directors and its committees; (ii) a clear distribution of functions among the corporate bodies, and between these and Senior Management; and (iii) robust decision-making processes and supervision and control of the activity carried out at the executive level, relying on a reporting model that provides the corporate bodies with complete, integral, adequate and consistent information for the performance of their functions;
- measures conducive to the sound functioning of the corporate bodies and checks and balances within the Board, by means of: (i) a clear allocation of functions at the executive level and at the corporate bodies level; (ii) the independence of control functions, which

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report directly to the Board through its committees; and (iii) other measures to ensure that the corporate bodies are able to perform their functions and question the approaches taken by the executive areas, all within a climate of freedom of opinion and where participation and debate are encouraged; and

- the evolution of the structure, size and composition of the Board and its committees, following the refreshment process of the corporate bodies, based on tools such as the “skills and diversity matrix” of the Board, so as to be able to meet the current and future needs of the corporate bodies, as well as the expiry of the Bylaw-mandated terms of office of directors, as appropriate in each financial year;
- all of the above, taking into account at all times prevailing regulatory requirements and the provisions and objectives set out in the Policy on the selection, suitability and diversity of the BBVA Board of Directors, as approved by this body (the “**Selection Policy**”), while also taking account the different opinions and views obtained from direct contact and dialogue with shareholders, investors, proxy advisors, supervisory authorities and other stakeholders of the Bank.

As part of this analysis, it was verified that, following the refreshment process undertaken by the Bank’s corporate bodies in recent years, the Board of Directors comprises 15 directors, of whom:

- 13 directors qualify as “non-executive”, representing a large majority (87%) of the Board, of whom 10 have “independent” status, representing 67% of the Board members;
- the Board has six female directors, thus meeting the target of 40% representation of women set by the Board and set out in the Selection Policy;
- in the last five years, eight new directors have joined the Board, six of them qualifying as “independent”; and
- directors have an average tenure on the Board of approximately seven years.

It was also confirmed that the independent directors contribute to a suitable composition of both the Board of Directors and its committees and, in particular, those that support the Board in its supervision and control functions. These particular committees must comprise a significant proportion of independent directors, from among whom the chairs of these committees must also be appointed.

As part of its analysis, it was also taken into account that the term of five of the current directors of the Bank will expire on the occasion of the 2023 Annual General Shareholders' Meeting.

On the other hand, the analysis performed for this proposed appointment took into account the areas and matters that are of particular relevance to the functions entrusted to the corporate bodies, especially the Group’s current and future activities, business and strategy.

To this effect, the corporate bodies relied, among other information, on the “skills and diversity matrix” of the Board of Directors, which is used to identify those skills, knowledge, experience and circumstances that the Board already has, and those that should be strengthened in the future. The matrix is thus an instrument for analysing the composition of the Board as a whole and is also considered in the directors’ refreshment process.

This matrix includes information on the directors in relation to (i) the areas, sectors and subjects that are of particular relevance to the Group’s strategy and activities (such as banking and financial

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services; accounting and auditing; risk management; innovation and information technology; strategy and macroeconomic environment; human resources and compensation; institutional, legal and regulatory matters; and corporate governance and sustainability); (ii) their professional experience and track record in various areas (corporate, public administration, academia or non-profit organisations), both domestically and internationally; and (iii) any other matters that increase the Board's diversity in different areas, such as gender, age, tenure on the Board and status of directors.

In relation to the foregoing, it was verified that the Board has a diverse composition, including profiles with experience and knowledge in different areas that are of interest to the Bank and its Group, such as banking, auditing, risk management, sustainability, corporate governance, legal affairs and academic matters, multinational companies, public bodies, digital business and technology, all of this, both nationally and internationally.

This diversity of the Board's skills, knowledge and experience has been further strengthened following the refreshment process of the corporate bodies carried out in recent years, as a result of which profiles 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.

As a result of the analysis carried out and described in the previous paragraphs, it was found that the Board, as a whole, features an appropriate and diverse composition, complying with the objectives contemplated in applicable legislation, in its own Regulations and in the Selection Policy. Significantly, there is an appropriate balance between the different categories of directors, with a broad majority of non-executive directors (13 out of a total of 15) and independent directors (10 out of 15, which exceeds the target envisioned in the Selection Policy of having at least 50% independent directors), with a level of gender diversity that meets the targets set by the Board and is in line with best practices (women account for 40% of total directors). Moreover, the Board has a diversity of skills, knowledge and experience, both national and international.

Notwithstanding the foregoing, in order for the Board to possess, at all times, the skills, knowledge, experience and diversity needed for the best possible performance of its functions, it was deemed advisable to continue the progressive refreshment process of the Board that has been taking place in recent years, so as to:

- further bolster its composition with individuals who have the knowledge and experience in some of the most relevant countries where the Group operates, and who would complement the current composition of the Board with training and professional experience in certain business fields;
- further strengthen the independence, diversity of gender, origin and experience, international profile and knowledge of different business fields and environments; and
- continue to comply with the requirements, recommendations and/or commitments undertaken by the Bank regarding independence and gender diversity.

The foregoing takes due account of the objectives and conclusions concerning the composition of the Board of Directors described in the preceding paragraphs, including the outcome of the Board's skills and diversity matrix, the current existence of a proper representation of non-executive and independent directors on the Board, as well as a level of gender diversity that continues to meet the objectives stated by the Board and included in the Selection Policy and is aligned with best practices, among other matters.

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Thus, in carrying out this process, it was taken into consideration the merits of continuing to strengthen the knowledge, experience and skills in banking and finance, as well as international diversity in terms of origin and professional experience, particularly in some of the countries where the Group operates, with the aim of incorporating new members with greater knowledge of the Bank's activity and business at both national and international levels.

This selection process also sought to ensure that candidates with the desired professional profile were included, with no implicit bias that could be discriminatory, thus facilitating the selection of female directors, so as to continue to meet the target set of ensuring that female directors account for at least 40% of the Board.

Candidates must also meet the requirements 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 had also the advice of an independent consulting firm, as recognised international expert in this kind of process, which has helped the Appointments and Corporate Governance Committee select potential candidates with the suitable profile to be appointed to the Bank's Board of Directors.

Thus, the external expert carried out an independent process to identify potential candidates who would fit the profile sought by the Appointments and Corporate Governance Committee, as a result of which the consulting firm offered a list of potential candidates who had the required profile and international background, on which the selection process could then proceed.

The Appointments and Corporate Governance Committee then analysed the profiles of various potential candidates proposed by the consulting firm, among which that of Ms. Dulá, and subsequently decided to examine this in order to assess whether she could be a suitable candidate for a seat on the Board at the Bank.

Thus, the Committee proceeded to analyze the different aspects of this candidate, including her knowledge, skills and experience to be appointed as a director of the Bank, her willingness to exercise good governance, her commercial and professional reputation, fulfilment of the requirements to be considered an independent director, as well as the absence of incompatibilities, prohibitions and limitations for the performance of the functions.

On the basis of all the above, in light of the current and future needs of the Bank's corporate bodies, the analysis of the structure, size and composition of the Board and the Selection Policy, the Appointments and Corporate Governance Committee deemed that Sonia Lilia Dulá has the required independence and suitability requirements for the role, as well as appropriate knowledge and experience to be appointed as a BBVA director, and that 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 functions of the corporate bodies.

Accordingly, the Appointments and Corporate Governance Committee has resolved to propose to the Board of Directors, for its subsequent proposal to the Bank's Annual General Shareholders' Meeting, the appointment of Ms Dulá as an independent director of the Board of Directors, for the Bylaw-mandated term of three years.

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### 3. Skills, experience and merits

To produce this Report, and as set out in applicable regulations, the Board of Directors has assessed the skills, experience, merits and knowledge of the proposed candidate, for which it analyzed her training and professional profile, summarized as follows:

Ms Dulá holds a B.A. in Economics from Harvard University in the United States, *magna cum laude*, and an MBA in Finance from Stanford Graduate School of Business, also in the United States.

Ms Dulá has an extensive track record in the banking and financial sector, having held various high-ranking positions at international financial institutions during her professional career. She also has experience as a board member of various companies and boasts a remarkable entrepreneurial profile.

She began her career at Petróleos Mexicanos (Pemex) in Mexico (1982–1984), and then worked for nine years at the financial institution Goldman Sachs, where she held various senior positions from 1986 to 1995. There, she headed up the Equity Capital Markets division for Latin America and took part in the privatisation processes of numerous Spanish, Italian and Latin American companies, as well as global debt and equity issues for companies operating in the region.

From 2007 to 2018, Ms Dulá held senior positions at Bank of America Merrill Lynch, where she was responsible for areas such as the Wealth Management division for Latin America, with responsibilities over 13 offices in Latin America, Switzerland and the United States; and the Corporate & Investment Banking area for Latin America, where she headed up and oversaw key projects and operations in the financial realm, such as mergers and acquisitions and public issues of both capital and debt.

Ms Dulá also has extensive experience in the telecommunications sector, where she founded and managed Telemundo Studios Mexico, as well as Internet Group do Brazil and Obsidiana, and was also CEO of Grupo Latino de Radio, a company operating more than 500 radio stations across Latin America and the United States.

Ms Dulá is currently an independent director of Huntsman Corporation, Acciona and Acciona Energía, as well as a life member of the Council on Foreign Relations. She is also chair of the Board of Directors of the asset management company Bestinver and sits on the international advisory board of Banco Itaú (Brazil), positions from which she will step down before taking over her position of director of BBVA.

She has sat on the boards of Grupo Prisa, Hemisphere Media and Millicom, as well as Council of the Americas, Women's World Banking, and The Adrienne Arsht Center for the Performing Arts in Miami. She has also been a member of the Young Presidents Organization (YPO) and the Bank of America Global Diversity and Inclusion Council.

Summary information on Ms. Dulá's training, professional experience and other occupations can be found in the curriculum vitae included in this Report as an [Annex](#).

In view of the above, the Board of Directors holds a positive view of the academic background, merits and outstanding professional career of Ms Dulá, highlighting her profound knowledge of areas of particular relevance to the Bank and the corporate bodies, such as banking, finance and technology, having held high-ranking executive positions at various highly-respected international financial corporations, combined with her knowledge and experience in key markets for BBVA Group, such as Mexico, South America and Spain.

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She would also bring extensive experience and expertise in business management given her considerable experience as a board member of various companies.

Lastly, the Committee also holds a very positive view of the following aspects of her profile:

- The contribution she would make to achieving the objectives set out in the Selection Policy, most notably that women continue to account for at least 40% of directors, thus maintaining the target achieved in 2022 in relation to the most underrepresented gender on the Board of Directors; and also increasing the Board's international profile.
- The contribution she would make in bringing the proportion of independent directors to at least 50% of the total number of directors of the Bank.

The Board of Directors, on the basis of the analysis performed by the Appointments and Corporate Governance Committee, has assessed Ms Dulá's suitability requirements applicable to the performance of member of BBVA's Board, as a result of which it concluded that Ms Dulá meets the requirements of recognised commercial and professional repute, has adequate knowledge and experience to perform her duties and has ability to exercise good governance of the entity, as well as has the conditions to be considered an independent director.

#### **4. Conclusion**

Accordingly, the Board of Directors deems Ms Dulá to possess the required suitability to sit on the Bank's Board of Directors and, in particular, adequate skills, experience and merits, as well as suitable knowledge, to perform the role.

As a result of the foregoing, taking into account the proposal submitted for this purpose by the Bank's Appointments and Corporate Governance Committee, the Board of Directors as resolved to propose to the Bank's Annual General Shareholders' Meeting, the appointment of Sonia Lilia Dulá as an independent director of the Board of Directors, for the Bylaw-mandated term of three years.

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

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

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## Annex: curriculum vitae

### Sonia Lilia Dulá Independent director

Born in 1961

Mexican and US nationality

B.A. in Economics, *magna cum laude*, Harvard University, USA, and MBA in Finance from Stanford Graduate School of Business, USA

#### Professional experience:

- 1982-1984 Analyst at Petróleos Mexicanos (Pemex)
- 1986-1995 **Goldman Sachs Group**: Executive Director and Vice President of Equity Capital Markets for Latin America
- 1994-1994 Director of Terrum Group
- 1996-1999 CEO of Telemundo Group
- 1999-2000 Co-founder and CEO of Internet Group do Brasil
- 2000-2001 Founder and CEO of Obsidiana
- 2002-2006 CEO of Grupo Latino de Radio
- 2007-2018 **Bank of America Merrill Lynch**
  - Head of Corporate & Investment Banking for Latin America
  - Head of Wealth Management for Latin America
  - Vice President of Global Corporate and Investment Banking for Latin America

She is currently an independent director of Huntsman Corporation, Acciona and Acciona Energía and a life member of the Council on Foreign Relations. She is also chair of the board of asset management company Bestinver and sits on the international advisory board of Banco Itaú, positions she will relinquish before taking up her duties as a director of the Bank.

She has sat on the boards of Grupo Prisa, Millicom, Hemisphere Media, Council of the Americas, Women's World Banking, and The Adrienne Arsht Center for the Performing Arts in Miami. She has also been a member of the Young Presidents Organization (YPO) and the Bank of America Global Diversity and Inclusion Council.