



Creating Opportunities

# BBVA's Corporate Governance

## General Overview 2022

February 2023



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# BBVA's Corporate Governance is a key driver for the Bank's growth and for the achievement of its Strategy

01

## Financial Results

2022: outstanding growth with highest results ever

02

## Digitalization & Innovation

Growing and delivering extraordinary customer service driven by digital

03

## Sustainability

Building a greener and more inclusive future

04

## Culture and Values

With a clear impact in our workplace environment

Underpinned by a **robust and effective Corporate Governance System** (05)

...to guide the Group towards achieving its Purpose:

**“To bring the age of opportunity to everyone”**



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# Financial Results

2022: outstanding growth with highest results ever

01

# About BBVA



## BBVA's GLOBAL PRESENCE

DECEMBER 2022



Countries	Branches	Employees	Customers
>25	6,040	115,675	89.3M



## DIGITAL CAPABILITIES

DECEMBER 2022

### CUSTOMERS



Digital  
customers

49.0 M



Mobile  
customers

47.4 M

### DIGITAL SALES

UNITS

78%

PRV<sup>1</sup>

61%

### OUR PURPOSE

To bring the **age  
of opportunity**  
to **everyone**



## FINANCIAL HIGHLIGHTS

DECEMBER 2022

Net attributable profit 12M22

6,420 M€

CET 1 FL

12.61%

vs. 11.5%-12%  
TARGET RANGE

Total assets

713,140 M€

Loans and advances to  
customers - gross

369,260 M€

Deposits from  
customers

393,856 M€



## SUSTAINABLE DEVELOPMENT

NEW Sustainable Business 2025 Goal

300 BN€

136 BN€

Between 2018 and 2025

Channeled until December 2022

BBVA's 2025 Community Commitment

550 MN€

From 2021 to 2025

(1) Product Relative Value as a proxy of lifetime economic representation of units sold.

# 2022: highest annual Net Attributable Profit ever

## RECURRENT NET ATTRIBUTABLE PROFIT<sup>1</sup> (CURRENT €M)



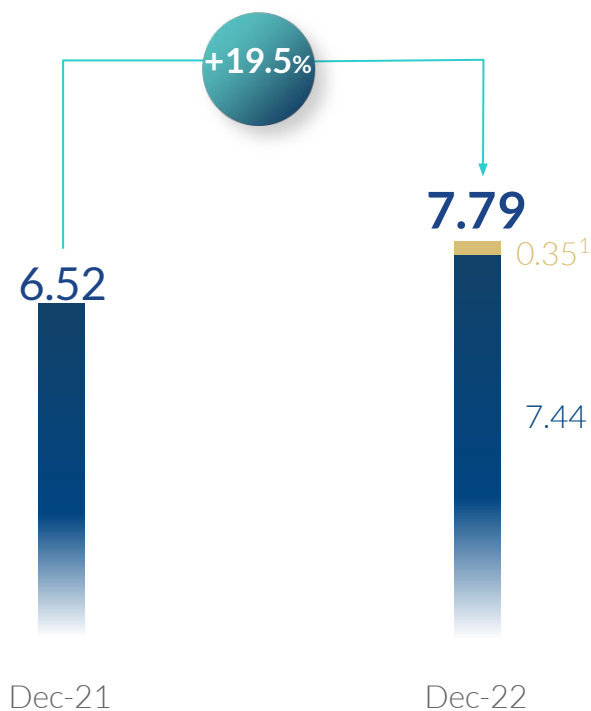
(1) Recurrent Net Attributable Profit and recurrent EPS figures exclude the extraordinary impacts as reported in each year's result presentation. For 2022, EPS is calculated considering the total outstanding number of shares as of 31/12/22 excluding the average treasury shares. For the prior periods, EPS is calculated considering the average number of shares for each period, excluding the average treasury shares (2021 treasury shares included 112 M acquired under the SBB program). (2) EPS calculated according to IAS33 would be 0.46, 0.75, 0.47, 0.14, 0.67 and 0.99 for the years 2017, 2018, 2019, 2020, 2021 and 2022 respectively.

# Accelerating value creation for our shareholders

## TBV + DIVIDENDS

(€ / SHARE)

■ TBV / share      ■ Dividends paid / share



## PROFITABILITY METRICS<sup>2</sup>

(%)

ROTE

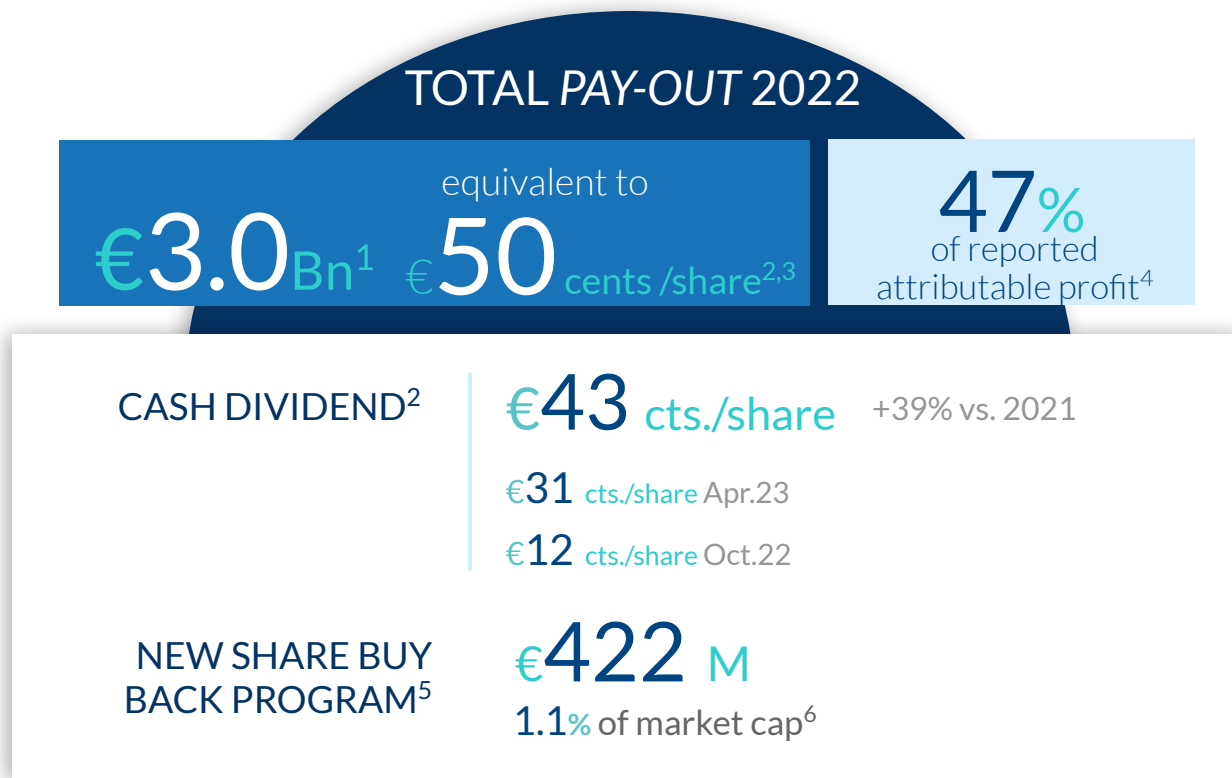


ROE



(1) April 2022 dividend per share 0.23 € (gross) and October 2022 dividend per share 0.12 € (gross). (2) Profitability metrics excluding discontinued operations and non-recurring results.

# Significant increase of pay-out



(1) Pending approval from the corporate bodies, and in the case of the Share Buy Back program subject to further supervisory approval. (2) Gross figures. (3) Includes cash dividend for an amount of 43 euro cents per share and the share buy-back program for €422M which is equivalent to 7 euro cents per share. (4) Pay-out percentage calculated taking into account the following: (i) 2022 Reported results (€ 6,420 M) and (ii) considering outstanding shares cum dividend as of January 31, 2023. (5) The Share Buy Back program amount would be equivalent to 7 euro cents per share. (6) As of market price at closing of January 31 2023.

**Total shareholders' distributions represent ~8% yield of BBVA's market cap**  
**Increase in total pay-out to shareholders of 61% vs 2021**

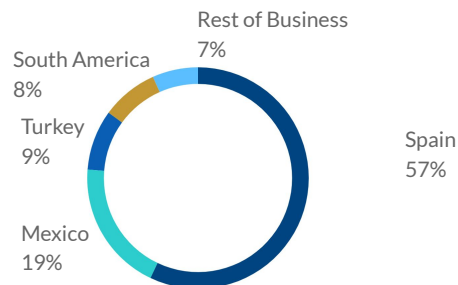


# A well-diversified footprint with leading franchises

## BREAKDOWN BY BUSINESS AREA

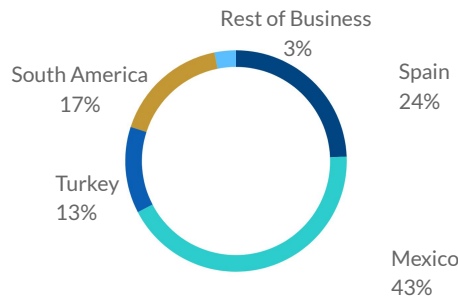
### TOTAL ASSETS<sup>1</sup>

DEC-22



### GROSS INCOME<sup>1</sup>

12M22



## STRONG POSITION

RANKING AND MARKET SHARE (%)<sup>2</sup>



	SPAIN	#3 13.3%
	MEXICO	#1 24.4%
	TURKEY	#2 17.9%
	COLOMBIA	#4 10.9%
	PERU	#2 20.2%

(1) Figures exclude the Corporate Center

(2) Latest available loan market shares, Ranking among peer group. Turkey among private banks



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# Digitalization & Innovation

Growing and delivering extraordinary customer service driven by digital

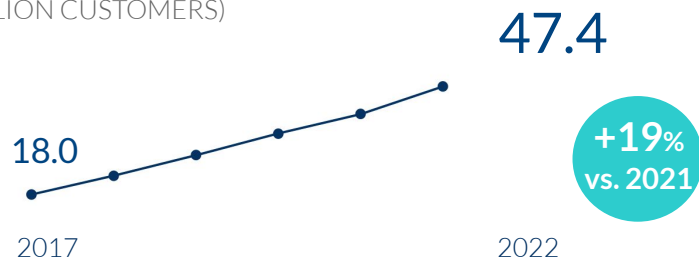
02

# Our transformation has enabled us to have leading franchises in high growth markets

## DIGITAL ENGAGEMENT

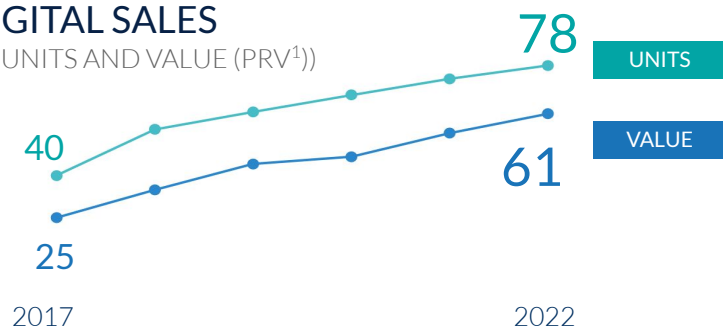
### MOBILE CUSTOMERS

(MILLION CUSTOMERS)



### DIGITAL SALES

(%, UNITS AND VALUE (PRV<sup>1</sup>))



## HIGHER CLIENT SATISFACTION

### NPS<sup>2</sup> LEADERSHIP POSITION IN ALL COUNTRIES



BBVA GROUP

+5pp NPS

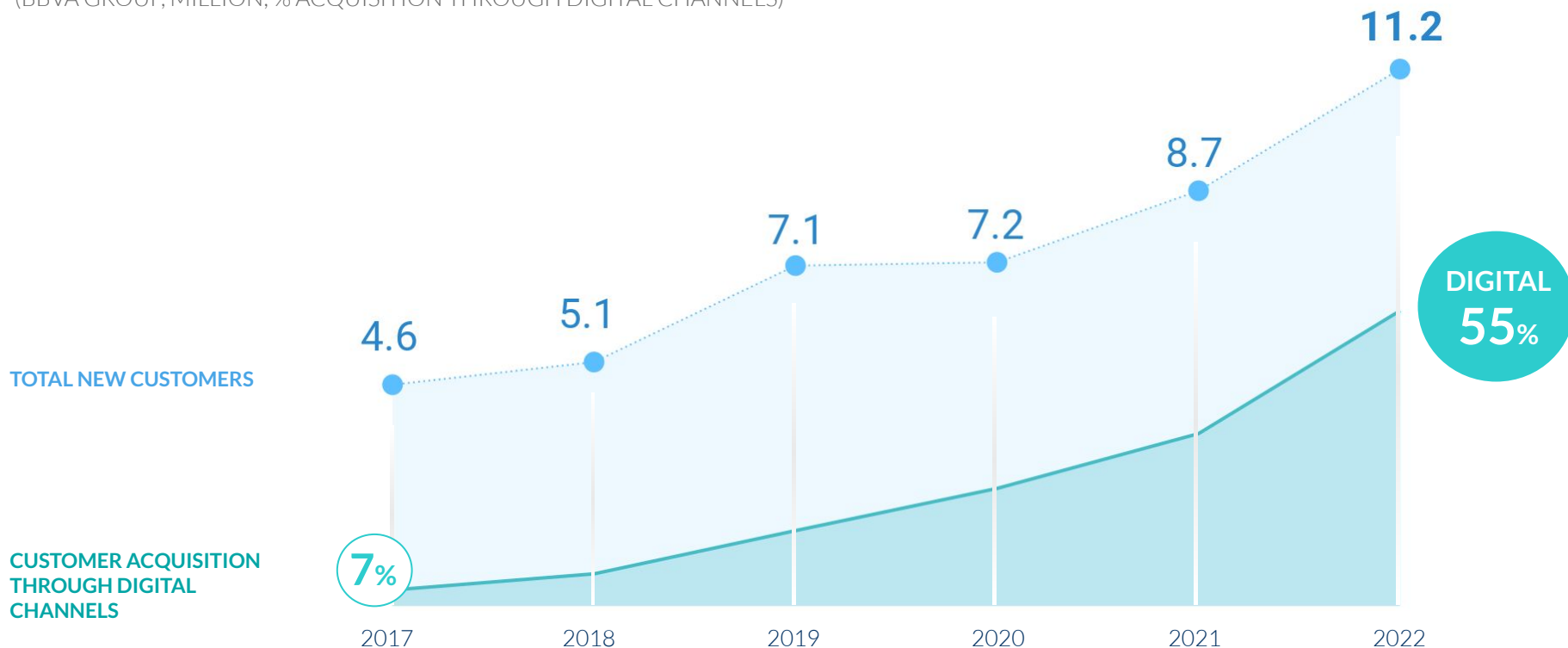
vs. 2021

(1) Product Relative Value as a proxy of lifetime economic representation of units sold. (2) Net Promoter Score among large banks in their respective countries.

# Setting a record with more than 11 million new customers

## NEW CUSTOMERS<sup>1</sup>

(BBVA GROUP, MILLION; % ACQUISITION THROUGH DIGITAL CHANNELS)



(1) Gross customer acquisition through own channels for retail segment. Excludes the US business sold to PNC for comparison purposes.

**Total active clients reached 67.3 million in December 2022**

# Investing in innovation as an enabler for new capabilities

## SELECTIVE DIGITAL BANK INVESTMENTS

## VENTURE CAPITAL VEHICLES

### BUILT BASED ON EXISTING INFRASTRUCTURE



Universal digital  
bank-in-a-box in Italy



### INVESTMENTS



App-only digital bank  
focused on mortgages,  
SME lending & saving  
deposits



BaaS platform with full  
banking license to operate  
across Europe



Fully digital player  
focused on mid-low  
class consumers &  
micro entrepreneurs



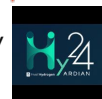
Fintech venture capital fund



Leading Chinese  
technology venture capital  
with 400+ portfolio  
companies, focused on AI



Investments in Sustainability



## These investments support the development of new capabilities in the Group

We have been incorporating  
learnings we acquired from this type  
of investments:



Madiva in Spain — Valora home  
appraisal  
functionality



Openpay in Mexico — Payments in  
Latam



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# Sustainability

Building a greener and more inclusive future

03

Our ambition is to support business growth and manage our impact, **with 3 main goals and indicators**



Foster new business  
through Sustainability



Achieve Net Zero by 2050



Make a positive impact

To channel  
sustainable business

NEW<sup>1</sup>

BBVA's 2025 Goal

€300 Bn <sup>(1)</sup>

FROM 2018 TO 2025

Climate change  
& Inclusive growth

2030 Portfolio Alignment Targets  
for 6 carbon intensive sectors



O&G



POWER



COAL <sup>(2)</sup>



STEEL



CEMENT



AUTO

Working on the targets for more sectors

Carbon Neutral since 2020  
in our own operations

100% RENEWABLE ENERGY USE BY 2030  
IN OUR OWN OPERATIONS <sup>(3)</sup>

Community investment

BBVA's 2025 Community Commitment

€550 Mn  
100 Mill people  
reached

FROM  
2021 TO  
2025

Diversity

Women in Management Positions

35%

BY 2024

(1) Announced goal in October 2022

(2) 2040 in emerging countries

(3) Scope 1, 2 and part of 3 (business travel, employee commuting to central premises and waste)

# We are bringing sustainable business **to the next level**

## Tripled our sustainable business target

New target in 2022

€300 Bn

Target in  
2021  
€200 Bn

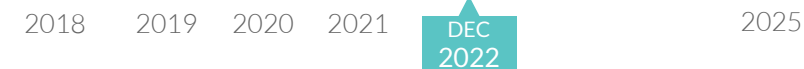
€136 Bn

Channeled until DEC 2022

€50 Bn in 2022

Target in  
2018  
€100 Bn

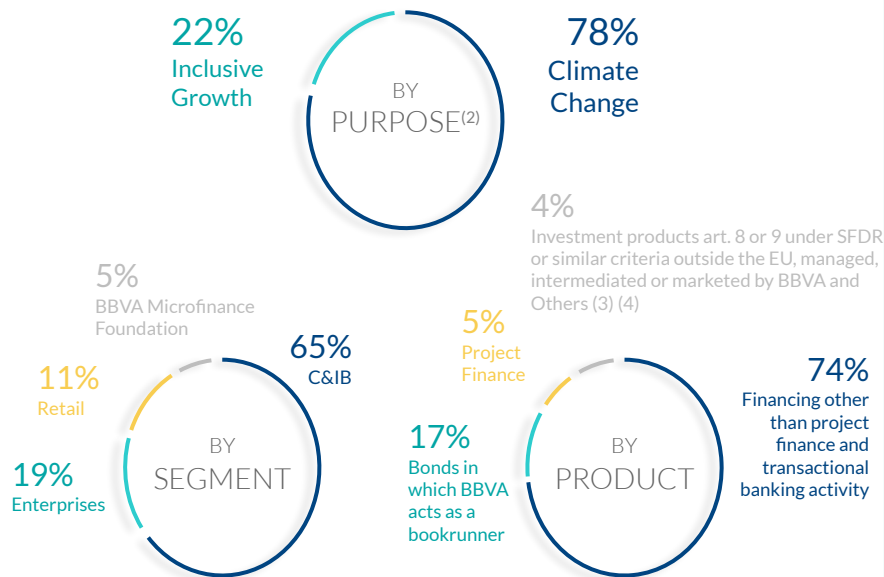
Δ41% YoY



**Sustainability as a growth lever**

With a **holistic approach** that includes climate action, inclusive growth and all business segments

## Sustainable business breakdown<sup>(1)</sup>



<sup>(1)</sup> Figures from 2018 to 2022

<sup>(2)</sup> In cases where it is not feasible or sufficient information is not available to allow an accurate allocation between climate change and inclusive growth categories, internal estimates are made based on available information

<sup>(3)</sup> Includes, in CIB and Corporates: structured deposits, mainly; and in Retail: structured deposits, electric vehicle insurance policies and electric vehicle autorenting, mainly

<sup>(4)</sup> Sustainable Finance Disclosure Regulations (SFDR)



# Working on 5 growth levers

1

## Sectoral strategies for Corporate clients

Focusing on low carbon technologies and high emitting sectors **leveraging advisory capabilities**

2

## Boost Enterprise business

Developing products with focus on **6 themes** (Auto, Real Estate, Agriculture, Supply Chain, Power, Inclusive Growth) **leveraging our know-how with Corporate clients**

3

## Launching business big bets to fast-expand our retail business leveraging our digital edge

Creating an innovative and **disruptive value proposition** in specific verticals

4

## Financing new sustainable technologies, currently non-bankable under traditional financing structures

**Leading the financing of these technologies** (Hydrogen, batteries, carbon capture, use and storages technologies ...)

5

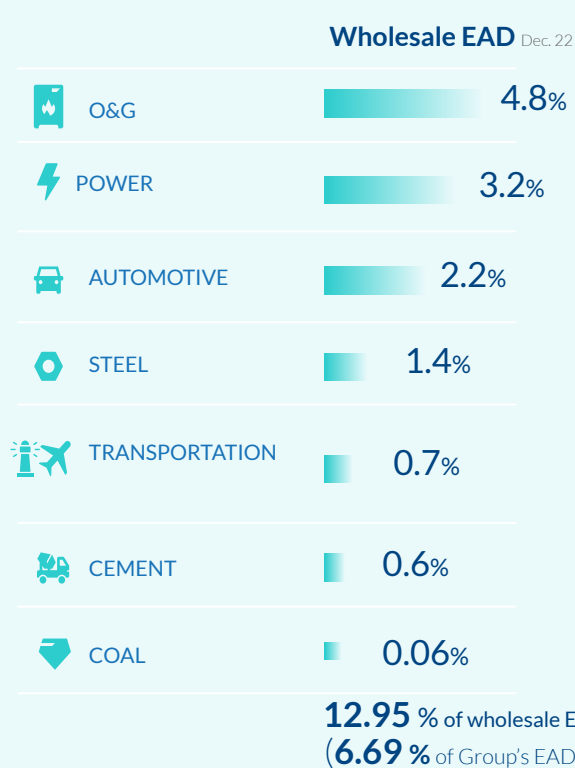
## Developing best in class risks management capabilities in Sustainability

Achieving superior risks management capabilities are **key elements to foster growth**



# Implementing portfolio alignment strategy

## and excelling in managing direct and indirect emissions



### ALIGNMENT TARGETS

Metric	Benchmark scenario	BBVA baseline (2020) <sup>(2)</sup>	Data point in time 2021	Data point in time 2022	Absolute effort 2020-2030	Absolute effort up to 2022
Mn T CO <sub>2</sub> e	IEA Net Zero 2050 <sup>(1)</sup>		14	-	-30%	-
Kg CO <sub>2</sub> e/Mwh	IEA Net Zero 2050	221	199	212	-52%	-4.0%
g CO <sub>2</sub> /km	IEA Net Zero 2050	205	202	195	-46%	-4.8%
Kg CO <sub>2</sub> /T steel	IEA Net Zero 2050	1270	1250	1140	-23%	-10.2%
g CO <sub>2</sub> /v-km	Aviation and shipping to be defined in 2023					
Kg CO <sub>2</sub> /T cement	IEA Net Zero 2050	700	690	690	-17%	-1.4%

**Phase-out plan: 2030 for developed countries and 2040 globally**

(1) BBVA base year 2021 for O&G

(2) Data quality improvements reflected in the baseline and in the targets, maintaining the % reduction effort defined

Fostering sustainable business and client transition rather than imposing broad restrictions...

... through a new business origination model to capture the dynamic nature of our clients' strategies with forward-looking approaches

# Leveraging on sectoral plans to manage portfolio alignment goals

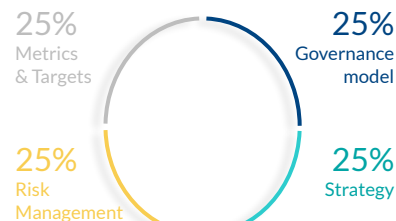
- BBVA develops **sectoral plans for each sector for which a target has been set**
- Transition Risk Indicator (TRI)** is a **key input** for each sectoral plan, as it enables **tiering of clients** and **tailored made advice**
- Sectoral plans **enable** to set internal decarbonization targets for each sector on **an annual basis**
- An specific **governance** has been designed **to steer progress** in each sector, **involving** all relevant teams across **business and risk areas**

..with **specific tools** to assess clients' transition integrated in credit policies

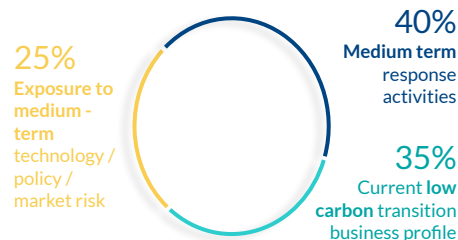
**The Transition Risk Indicator (TRI)** is a combination of **2 metrics...**

...that combined with the **credit policies** provides a **holistic assessment** of the transition of each client

20% climate change awareness (CCA)



80% carbon transition assessment (CTA)



AAA AA+ A ..... B B- CCC+ CCC

Intrinsic credit rating pre-sovereign cap

Transition Risk Indicator

ADVANCED

Potential increase in share of business with top rated clients

STRONG

MODERATE

Qualitative assessment for the decision making process

POOR

Engagement plan

Risk mitigation initiatives

# Promoting transparency in our Sustainability reporting

BBVA Group's 2022 annual report aligned with the most advanced standards in the market



Commitment to TCFD recommendations of the FSB led to the **publication of BBVA's TCFD stand-alone report**, first in October 2020, updated in June 2021 and March 2022 . To be published again in March 2023 <sup>1</sup>



Among first entities in the world to support the Measuring Stakeholder Capitalism initiative from WEF-IBC



Disclosure of BBVA's progress with respect to ESG reporting according to SASB - Commercial Banks, Consumer Finance and Mortgage Finance standards



Global Reporting Initiative standards through the publication of BBVA's Non-Financial Information Report (NFIR)

**Reinforced disclosure of metrics aligned with GRI, WEF-IBC and SASB**

(1) For the first time, BBVA will incorporate elements of a Transition Plan following the guides and recommendations for financial institutions published by the Glasgow Financial Alliance for Net Zero (GFANZ) in November 2022



# Making a positive social impact


with integrity as our distinctive mark...


## Impact on society...


**€550 Mn** **100 Mn**  
investment in people  
the community reached  
 (2021-2025)

As of **Dec 22** **€237 mill** **62 mill**  
 invested people  
 reached

 Fundación  
 BBVA Microfinanzas

 **1st** private organization  
 contributing in the development  
 assistance for gender in 2021

 **2nd** largest philanthropic  
 initiative globally for the third  
 consecutive year in 2022

 **1st** in LatAm, according to  
 OECD for the third  
 consecutive year in 2022

## ...through our activity...

Promoting a relationship  
 with customers based on  
 transparency and  
 responsibility

Supporting the creation of  
employment and boosting  
productivity through lending to  
 enterprises and SMEs in  
 all our footprint

Decarbonization of our  
operations by reducing the  
 environmental footprint and  
 offsetting emissions

## ... with a strong governance...

A solid and effective  
**Corporate Governance**  
 System at Board level

A **Global Sustainability**  
**Area at management level**  
 that has a business oriented  
 focus at the top of the  
 organization

**NEW 2024 TARGET**  
**35%** women in management  
positions



## ...and three focuses for action



Fight social &  
economic inequality  
Support for SMEs &  
entrepreneurs



Close digital gap  
Open education  
Access to quality  
education



Support to  
researchers  
Frontier knowledge  
Support leading  
cultural organizations

# BBVA is rewarded internationally for its Sustainability focus

## SUSTAINABILITY AWARDS



The Best Supply-Chain Finance Provider in Latin America for 2023



World's Best Foreign Exchange Bank for 2023



Best Trade Finance Provider in Latin America, Spain, Peru, Uruguay and Turkey for 2023



Top Employer in Spain (2023)



Best Investment Bank for Spain, Western Europe, Mexico and Turkey (2022)



Best Bank for Sustainable Finance in Peru (2022)

**The Banker**

Global bank of the year and best bank in Spain, Western Europe, Peru and Colombia (2022)



Bank and Investment Bank of the year in Mexico (2022)



Bank and Investment Bank of the year in Mexico (2022)



Several deals of the year awards (2022)



FT leading diversity company (2021)



UN Women case study on BBVA's "Work Better Enjoy Life" successful program (2020)

**BBVA MICROFINANCE FOUNDATION**, according to OECD



**2<sup>nd</sup> largest philanthropic initiative globally and 1<sup>st</sup> in LatAm**  
(for 3<sup>rd</sup> year in a row)



**1<sup>st</sup> private organization contributing in the development of gender equality** (in 2021)



## SUSTAINABILITY INDICES ON WHICH BBVA IS LISTED

Member of

**Dow Jones Sustainability Indices**

Powered by the S&P Global CSA

1st European Bank  
2nd Worldwide Bank



Gender - Equality Index  
Score 77.35/100



Eurozone 120  
Score 57/100



AA rating



Score B



FTSE4Good

Score 4.6/5

# Governance of Sustainability

a strategic priority with a cross-sectional approach

## Board of Directors

The Board is supported by its specialized Committees in the implementation of the Sustainability strategy throughout the Group



In addition, the Board has strengthened its knowledge and experience in the field of Sustainability, through the **appointment** of members **with extensive knowledge and experience** on the matter and has extended its **training programs** to include Sustainability issues



Creating Opportunities

# Culture and Values

With a clear impact in our workplace environment

04



## Culture and Values

Promoted from the highest level of the Organization and guiding the achievement of our Purpose



### VALUES-DRIVEN ORGANIZATION



**Customer** comes first



We think **big**



We are **one team**



### PROUD & PURPOSE

**97%** of our employees feel proud to be part of BBVA



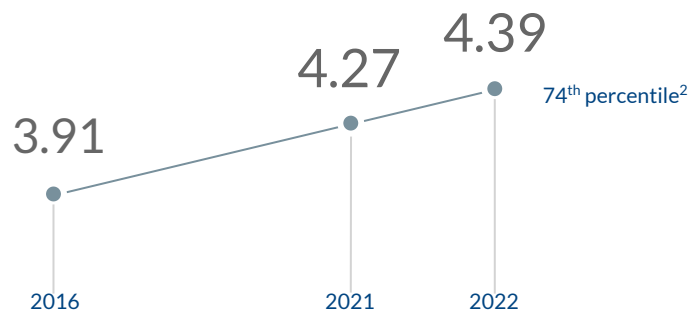
**85%** believe BBVA's goals and strategy are clear<sup>1</sup>



### MOST ENGAGED

#### GALLUP SURVEY 2016 -2022<sup>2</sup>

Consistent YoY improvement



(1) Focus groups with employees (July & September 2021) (2) Gallup 12Q Grand Mean 2022

“The best and most engaged team”

## Diversity & Inclusion (\*)



BBVA is **fully committed to the gender inclusion**. During 2022 the Group established the target of **35%** women in executive positions by 2024



**40% women** of the Board Members

**33,5% women** of the executive teams (35% target)

**59,1% women** of the revenue-producing roles

**39,6% women** including executive teams & branch's directors

Working also in other type of diversities:

- **Diversity Days** celebrated in October to nudge inclusion
- **LGTBI+**: Gender identity actions
- Disabled: >630 employees with **different capabilities** hired
- **Generational diversity**: The Ascender Generation group launched



## Compensation



**Fair and competitive** remuneration in all the countries

**Relevant increases performed during 2022** to face inflation in geographies, looking for a better employee financial health

**Total compensation value proposition** with traditional elements (fixed, variable remuneration and social benefits) + "emotional salary" (well-being, financial health and people development)

**Equal pay for men and women**, ensuring internal equity (0.7 wage gap in 2022)

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



## Professional Development



**Merit based growth processes** globally implemented:

- Global roles architecture review
- Compensation bands alignment
- Process & timing global alignment



**Training on strategic capabilities** to provide business with the key skills of the future (Sustainability, financial health, cybersecurity, data, etc.)



**“Talent week”** to explain BBVA professional development tool offered to employees



**Focus in critical profiles or with “hot skills”**, to retain key talent

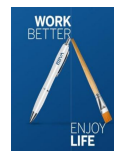
## Other relevant initiatives



**Hybrid work model (60-40) implementation in central services**, characterised by flexibility, a differential attribute of our Culture and Values, which allows us to take advantage of the benefits of remote and on-site work models



Celebration of our culture and **Values Day** on its 5<sup>th</sup> edition (14 September 22)



Culture that prioritises results, productivity, empowerment of teams and **work-life balance**

# Corporate Governance System

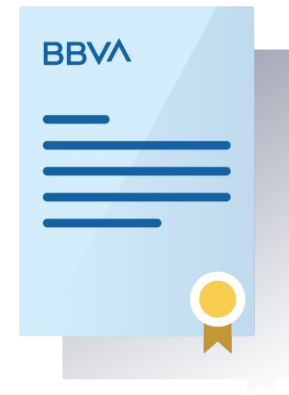
Key driver for the Bank's growth and for the  
achievement of our Strategy

05

# Robust and effective Corporate Governance System

In line with our Corporate Culture and Values, and geared towards promoting the long-term interests of BBVA and its stakeholders

BBVA's Corporate Governance System has been shaped over the years based on the following pillars:



- 01 **Strong composition** of corporate bodies
- 02 Clear **distribution of functions and interaction** between the corporate bodies and senior management
- 03 Sound **decision-making process** and robust **reporting model**
- 04 Comprehensive monitoring, **oversight and control system**
- 05 A **parent-subsidary relationship model** that allows for a coherent internal governance at Group level

**Solid and well-integrated Corporate Governance System**

# BBVA's Corporate Governance System in a nutshell

Decision on relevant issues.  
Principle of “**one share, one vote**”



**Effective management** and **oversight of the Group**  
Balanced, qualified, experienced with **diverse composition**  
Clear allocation of **duties** and robust **checks & balances**



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

Focus on **oversight and control** and **effective interaction**

Specific **governance for Sustainability**



# Distribution of functions and decision making

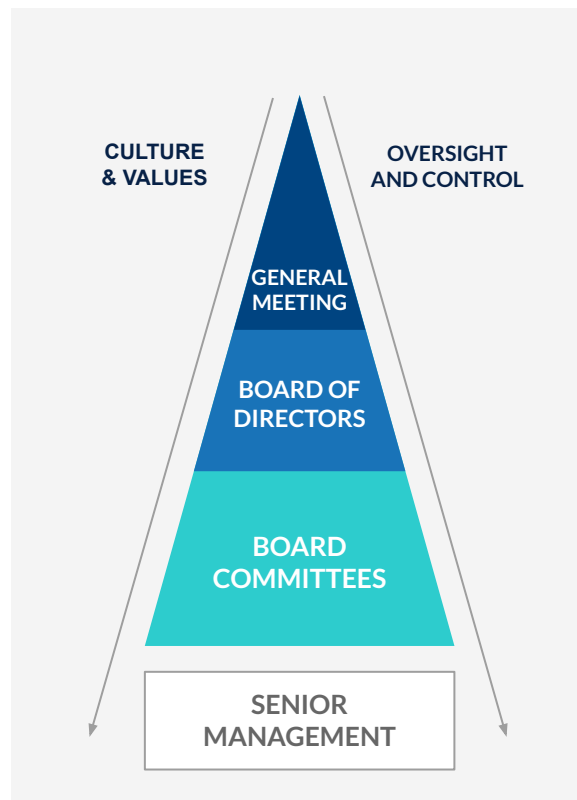
BBVA has a **robust decision-making process**, achieved through the distribution of functions between the corporate bodies and the interaction between themselves and with the executive areas

**General Meeting** Final say on relevant matters. One share, one vote principle and active participation in meetings

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

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

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

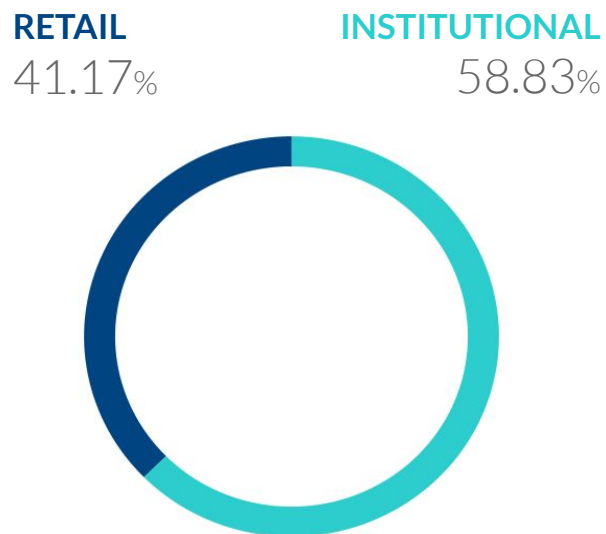


Proper coordination and interaction with **Senior Management** ensures an adequate analysis of the matters submitted for consideration or oversight by the Board, through the review and challenge of the approaches and proposals submitted

This also strengthens the **monitoring and oversight of the adopted decisions**, implemented by Management

## Shareholder base

The Bank's free float accounts for 100% and there are no shareholders with a controlling stake



(\*) Figures as of December 2022



### Diverse shareholding base

Diversity both in terms of geographical area and by type of investor



### Relevance of international institutional investors

International institutional investors' stake represents more than the half of BBVA's share capital



### Active engagement and interaction

BBVA has regular interactions with both institutional and retail shareholders



**BBVA's Board is regularly informed on the expectations and views of BBVA's shareholders and investors**



# Board of Directors

Appropriate size and balanced composition (31 December 2022)

**C:** Chair of the Committee  
**M:** Member of the Committee

Director	Role on the Board	Executive	Audit	Appointments & Corporate Governance	Remuneration	Risk & Compliance	Technology & Cybersecurity
Carlos Torres Vila	Chair	<b>C</b>					<b>C</b>
Onur Genç	Chief Executive Officer	<b>M</b>					
Raúl Galamba de Oliveira*	Lead Director					<b>M</b>	<b>M</b>
José Miguel Andrés Torrecillas	Deputy Chair	<b>M</b>	<b>M</b>	<b>C</b>			
Jaime Félix Caruana Lacorte	Independent Director	<b>M</b>	<b>C</b>			<b>M</b>	
Belén Garijo López	Independent Director		<b>M</b>	<b>M</b>	<b>C</b>		
Connie Hedegaard Koksang	Independent Director						
Lourdes Máiz Carro*	Independent Director		<b>M</b>		<b>M</b>		
José Maldonado Ramos	External Director	<b>M</b>		<b>M</b>			
Ana Peralta Moreno	Independent Director		<b>M</b>		<b>M</b>		
Juan Pi Llorens	Independent Director			<b>M</b>		<b>C</b>	<b>M</b>
Ana Revenga Shanklin*	Independent Director					<b>M</b>	<b>M</b>
Susana Rodríguez Vidarte*	External Director	<b>M</b>		<b>M</b>		<b>M</b>	
Carlos Salazar Lomelín*	External Director				<b>M</b>		
Jan Verplancke	Independent Director				<b>M</b>		<b>M</b>

\* Expiration of 3-year term at 2023's Annual General Meeting

See directors' profiles at [www.bbva.com](https://www.bbva.com)

# Board composition

Balanced, qualified and diverse, with a high degree of independence

**87%**

Non-executive directors

✓ **GOAL:** broad **majority**

**67%**

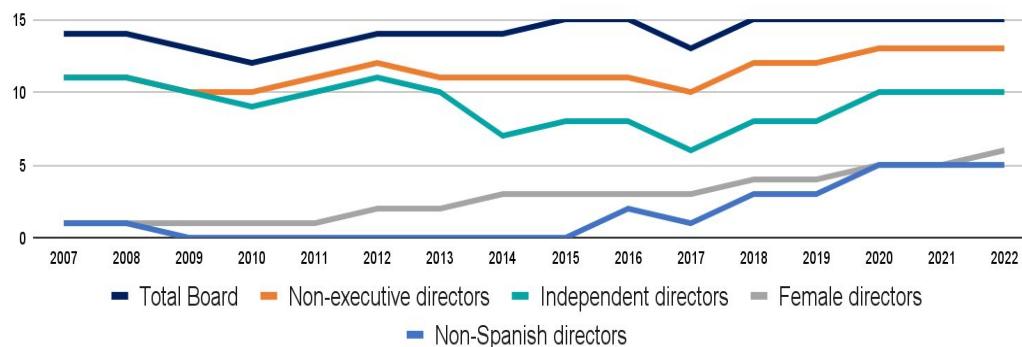
Independence

✓ **GOAL:** at least **50%**

**40%**

Female Directors

✓ **GOAL:** **40%**



## International diversity

**6 nationalities**

33.33% of Non-Spanish Directors

**7 years**

Average tenure (approx.).

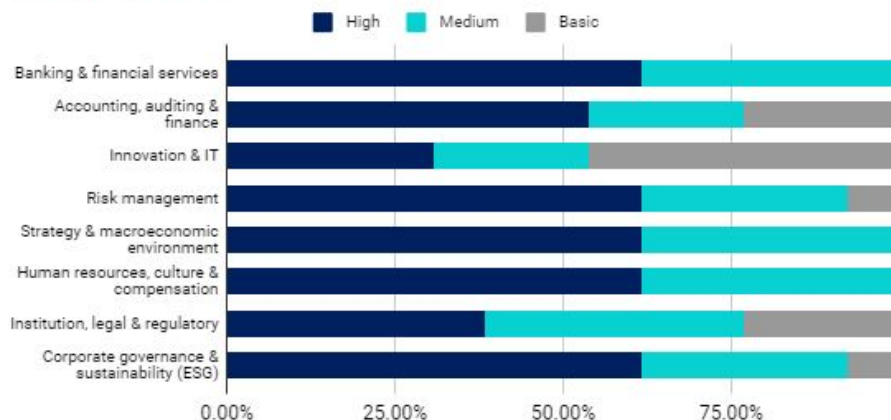
**8 new directors**

Appointed over the last five years (6 of which were independent directors)

# Board Skills Matrix

Board composition continuously under review to ensure diversity of viewpoints and alignment with strategic needs

## Board skills



- ✓ Knowledge and experience in areas considered key for BBVA's strategy, business and activities
- ✓ Knowledge of the environment, activities, strategy and risks of both the Bank and the Group

**Our skills matrix is continually evolving to fulfil our Purpose and to meet current and future needs of the Corporate Bodies**

# Time commitment and high dedication

The Board of Directors holds monthly ordinary meetings in accordance with the annual meeting schedule. Extraordinary meetings are held as often as deemed necessary

Corporate body	N. meetings in 2022	Attendance %*
<b>Board Directors</b>	<b>14</b>	<b>99%</b>
Executive Committee	19	98%
Audit Committee	13	95%
Risk and Compliance Committee	22	100%
Appointment and Corporate Governance Committee	6	97%
Remuneration Committee	7	100%
Technology and Cybersecurity Committee	6	100%

## Breakdown of director attendance at meetings

Director	N. meetings in 2022	Attendance %*
Carlos Torres Vila	39/39	100%
Onur Genç	33/33	100%
José Miguel Andrés Torrecillas	52/52	100%
Jaime Félix Caruana Lacorte	68/68	100%
Raúl Galamba de Oliveira	42/42	100%
Belén Garijo López	35/40	88%
Connie Hedegaard Koksang	6/6	100%
Lourdes Máiz Carro	34/34	100%
José Maldonado Ramos	36/39	92%
Ana Peralta Moreno	34/34	100%
Juan Pi Llorens	48/48	100%
Ana Revenga Shanklin	40/40	100%
Susana Rodríguez Vidarte	61/61	100%
Carlos Salazar Lomelín	20/21	95%
Jan Verplancke	27/27	100%

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

# Solid checks and balances

The Board has efficient measures to ensure its adequate performance, **preventing the concentration of power** in any one person or body



## High level of independence

Board (67%)

**Committees** (majority of independent directors, except for the Executive Committee)

**Executive meetings**

## Lead Director

(new appointment in 2022)



**Independent** member

**Important role** and functions set out in the Board Regulations (article 21)

Constant **interaction** with Board members

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

Three-year mandate

## Deputy Chair

**Independent** member

Replaces the Chair in case of temporary inability

Promotes **Board stability**

**Chairs** the Appointments & Corporate Governance Committee

## Committee Chairs

**Independent members** on oversight and control Committees

Key role in leading the operation of the Committees

Periodic renewal or change to guarantee its independence

**Regular reporting to the Board** on the activities of each Committee

**This structure has proved efficient, able to meet business needs of the Bank and reflects stakeholders' input**

# Evolution of BBVA's Corporate Governance System

- As a result of the Board's assessment process for **2021**, a number of suggestions and recommendations for improvement were identified by the Board and by an **external expert (Promontory)**, resulting in the approval of a **Corporate Governance Improvement Plan** covering the following areas:



**Dynamics of the functioning and effectiveness** of the corporate bodies' meetings and reflection in the **minutes**



Monitoring of the **Group's Corporate Governance Policy**



**Functions of the Audit Committee** in corporate transactions within the remit of the Executive Committee



**Succession plans** for directors and senior managers



Monitoring of matters related to **talent, culture and values**



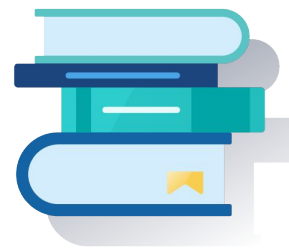
Evolution in the role of the **Lead Director**

- In **2022**, the Board has implemented measures to address these findings. Likewise, the Board has carried out its self-assessment process for 2022, **led by the Appointments & Corporate Governance Committee**, concluding that the functioning of the corporate bodies has been effective and carried out with the highest standards of quality. Improvement measures will be included in a new Corporate Governance Improvement Plan

**Ongoing review process to ensure the adequate and efficient functioning of the corporate bodies and their ability to adapt to prevailing needs and circumstances**

# Board's continuous training

Directors receive ongoing training in order to refresh their skills in line with the Bank's needs and latest trends



In 2022, BBVA directors have received training sessions on the following topics:



## Regulation, Compliance & Crime Prevention

Anti-Money Laundering



## Disruptive environment

Decentralized Finance



## Banking Supervision

Resolution Framework



## ESG & Sustainability

Managing Sustainability Transition



## Data & Privacy

Personal Data Protection  
Legal Framework



## Risks Management & Models

Structural Risks Models



Creating Opportunities

# New Remuneration Policy

Strengthening long-term value creation and  
sustainable performance



# Strategic reflection on BBVA's variable remuneration scheme

01

We **listen**  
to investors and stakeholders

02

We **think**  
about our future

03

We **keep up**  
with market trends



In 2022 the Remuneration Committee has carried out an in depth strategic reflection on the variable remuneration model for the identified staff, including executive directors

To design a **variable remuneration model** compliant with applicable law and regulations and:

- + Focused on value creation and **long-term** sustainable performance
- + **Competitive** and able to attract and retain the best talent
- + Aligned with the **expectations of investors and other stakeholders**

+ Aligned with **sound and effective risk management**, including:

- **deferral** schemes (minimum 60% over a 5-year period)
- more than 50% **shares/instruments**
- explicit **ex post risk adjustments**
- **malus** and **clawback** arrangements
- 1 year **retention** of shares/instruments
- **cap on the variable remuneration** of 100% of the fixed remuneration (200% if approved by the General Meeting)



High dedication of the Remuneration Committee, with the external advice of expert firms WTW and Garrigues

# New BBVA's variable remuneration model for Identified Staff

## Key changes in BBVA Directors' Remuneration Policy:



### New Long-term Incentive

Part of the Annual Variable Remuneration (AVR)

Short-term incentive (STI)

64% current target bonus

Long-term incentive (LTI)

36% current target bonus



### New KPIs for STI and LTI

KPIs linked to **long-term strategy** and **value creation**

ESG KPIs for both STI and LTI

New KPI related with the **decarbonization of the portfolio**



### Risk adjustments

*Ex ante*

Profits and Capital thresholds for accrual of AVR

*Ex post*

**Capital and Liquidity** thresholds for vesting and payment of Deferred AVR



### New measures to foster alignment with value creation

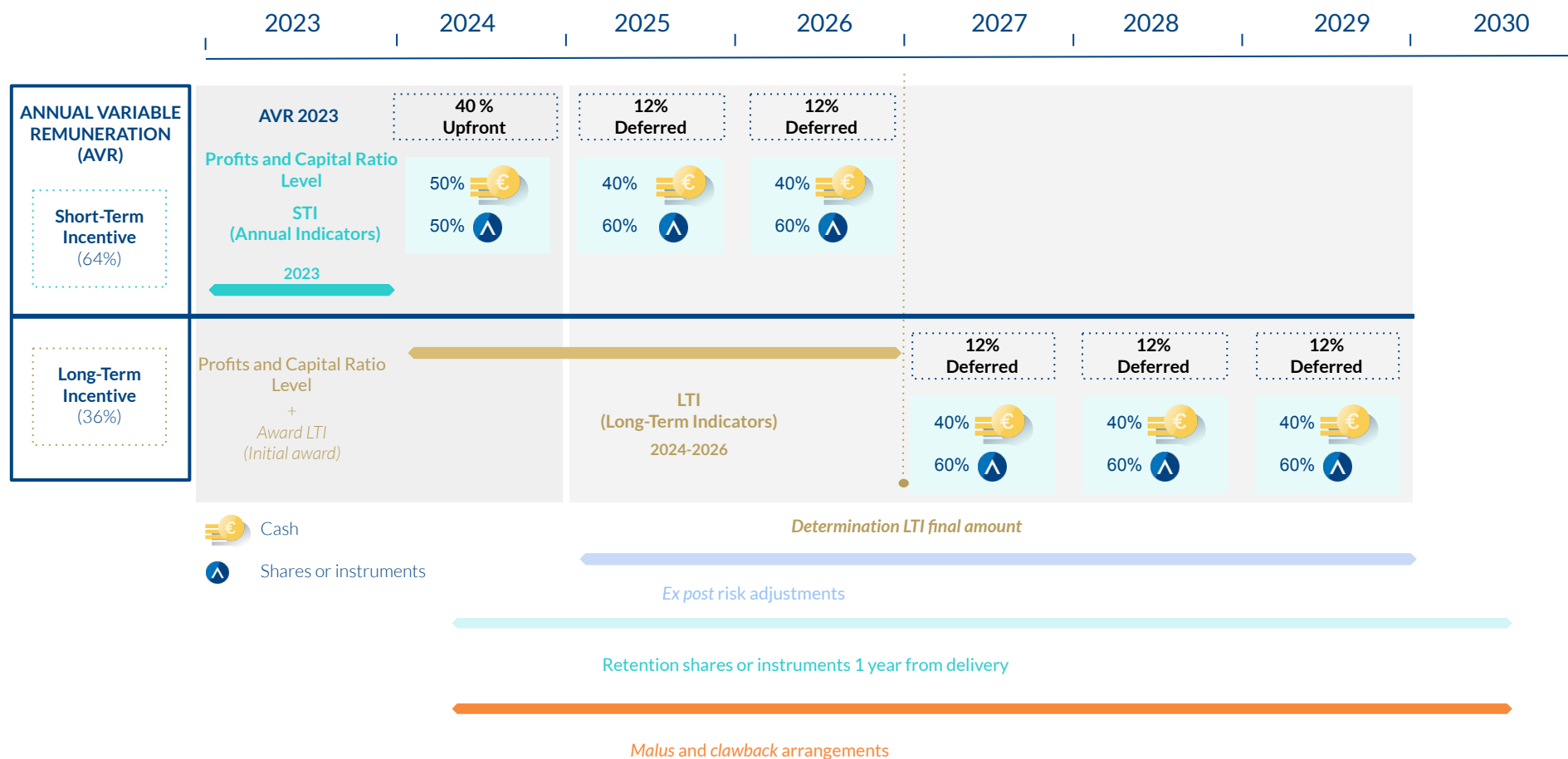
Partial payment of the AVR in **instruments linked to the shares**



These changes do not imply an increase of executive directors' target bonus

# Vesting schedule of Annual Variable Remuneration

Example for FY 2023 BBVA's executive directors and Senior Management under the new Policy



# New KPIs for 2023 variable remuneration

Linked to BBVA's strategic priorities and goals



Improving our clients' financial health



Reaching more clients



The best and most engaged team

## ANNUAL INDICATORS

64% of the AVR

### Financial

Net Profit	20%
Efficiency	20%
RORC	20%

### Non Financial

NPS	15%
Target Customers	15%
Mobilization of sustainable financing	10%

## LONG - TERM INDICATORS

36% of the AVR

### Financial

Relative TSR	40%
TBV per share	40%

### Non Financial

Portfolio Decarbonization	15%
Percentage of women in managerial positions	5%



Driving operational excellence



Data and Technology



Helping our clients transition towards a sustainable future

\*Once the Long Term Incentive has been awarded (in 2024), subject to first meeting the profit and capital ratio levels in 2023, the targets to be met on 31 December 2026 by the Long-Term Indicators (used to determine its final amount) will be set, considering the evolution of these indicators from 1 January 2023.



Creating Opportunities

# Risk management and control

Holistic oversight of financial and  
non-financial risks

# Risks management and control



## Robust decision-making and reporting to corporate bodies

- The **Board of Directors** defines the risk management and control strategy, as proposed by the **Risk and Compliance Committee** and oversight risk profile
- **Comprehensive reporting** to the Risk and Compliance Committee and periodically to the Board, with the support of other specialized committees
- Special focus on **IT & cyber risks**



## Comprehensive risks framework, including all risks and geographic areas to ensure adequate management and control

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



## Independent and autonomous executive function within BBVA Group

- Developed by a **very qualified and experienced team**, leveraged in **technology and data** as key drivers for a safe and sound risk profile, and with a **strong risks culture** across the Group
- Granular **internal regulation and executive-level committees**, which foster **bottom up and top down** management of the risks

# Strong focus on Risks Management

## BOARD OF DIRECTORS

### Global oversight of all risks (financial and non-financial)

Periodic reports of (i) the Head of Global Risk Management; (ii) the Head of Regulation & Internal Control; and (iii) the Chair of the Risk & Compliance Committee, as well as the Chairs of other Board committees

## RISK & COMPLIANCE COMMITTEE

**Holistic oversight of all risks (financial and non-financial)** from a three-fold perspective: (i) **global**: monthly reports of the Head of Global Risk Management and the Head of Regulation & Internal Control; (ii) **local**: periodic reports of the local Chief Risks Officers of main geographies and business areas; and (iii) **by-type of risk**: periodic reports of the heads of the different financial and non-financial risk units at corporate level

**In addition to the comprehensive view** provided to the Risk & Compliance Committee, and in coordination with this committee (including cross-composition), other Board Committees carry out a supplemental oversight of certain non-financial risks due to speciality reasons, such as the **Audit Committee (accounting, tax and reporting risks)**, the **Technology and Cybersecurity Committee (IT and cybersecurity risks)** and the **Executive Committee (reputational and business risks)**

# Risks strategy

## BBVA Group's Risk Appetite Statement



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



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



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





Creating Opportunities

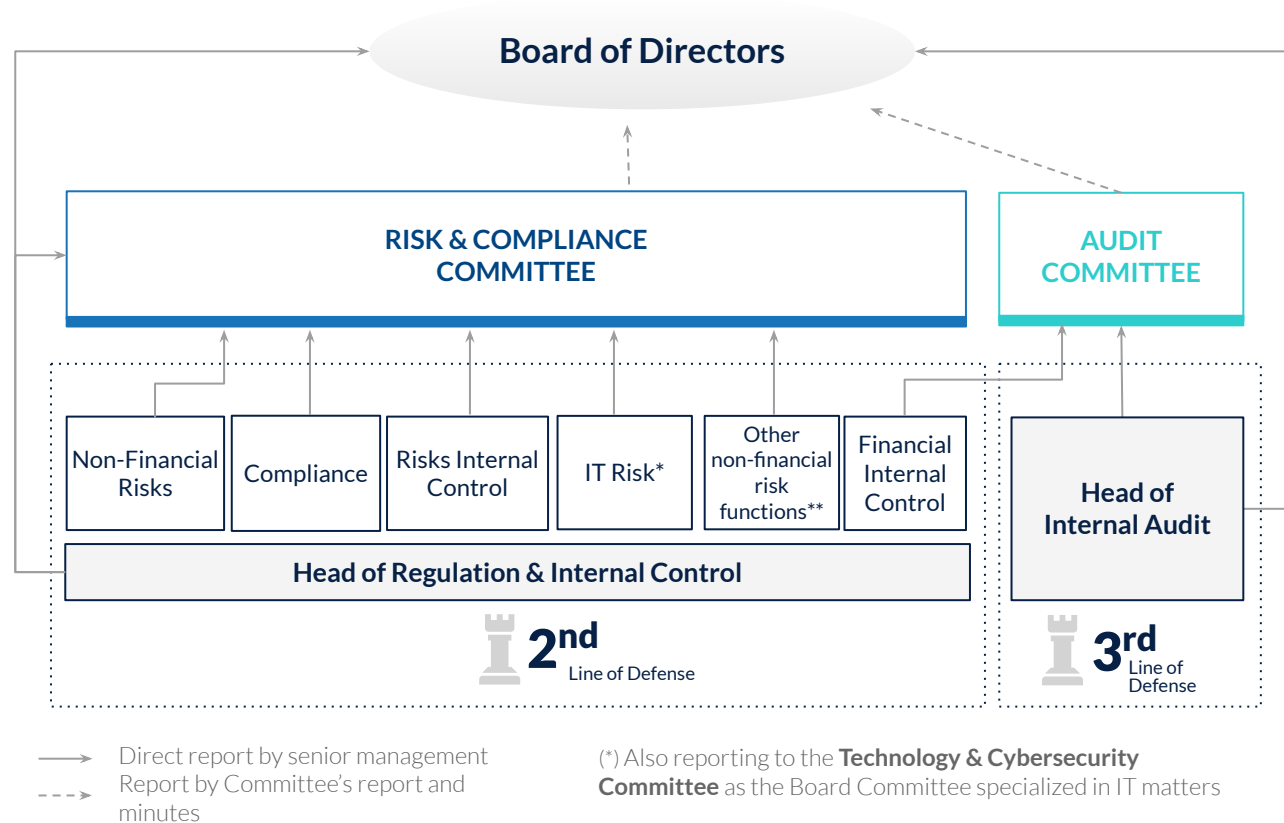
# Internal control

Direct reporting lines with corporate bodies  
and clear roles and responsibilities at  
management level

**Internal control:** direct reporting line with corporate bodies to ensure independence and an adequate oversight and control

**Under the direct authority of the Board, members of the Senior Management** responsible for internal control functions at BBVA (including, from 2022, IT Risk and Financial Internal Control) are fully independent from the business areas and have direct access at all times and a reporting line with the Board and its Committees

**The Board is responsible for their appointment and removal,** as well as for defining their objectives and assessing their performance, following proposals from the corresponding Committees



(\*) Also reporting to the **Technology & Cybersecurity Committee** as the Board Committee specialized in IT matters

(\*\*) Such as RCS People or Head of Financial Crime Prevention

**Internal control:** three lines of defense at executive level, with clear roles and responsibilities, to ensure a robust and comprehensive management and control of all non-financial risks across the Group

### BBVA has an internal control model to ensure

both an appropriate management and internal control of all relevant risks arising as a result of any business or activity carried out by BBVA Group, within the appetite limits established by the Board of Directors, and the definition and execution of any mitigation actions deemed necessary

## 3 LINES OF DEFENSE



### 1<sup>st</sup> Line of Defense

#### BUSINESS & SUPPORT AREAS

#### Risk Control Assurers (RCA)



### 2<sup>nd</sup> Line of Defense

#### REGULATION & INTERNAL CONTROL (incl. Non-Financial Risks, Compliance and Risks Internal Control)

#### Risk Control Specialists (RCS)

RCS ensure mitigating and control mechanisms are in place within their scope of risks in a cross-sectional way across the Group. There are 10 RCS for the following risks:

- PEOPLE
- FINANCE
- PHYSICAL SECURITY
- COMPLIANCE
- TECHNOLOGY SECURITY
- PROCESSES
- INFORMATION & DATA SECURITY
- THIRD PARTY
- RISKS INTERNAL CONTROL
- LEGAL



### 3<sup>rd</sup> Line of Defense

#### INTERNAL AUDIT



Creating Opportunities

# Group Governance

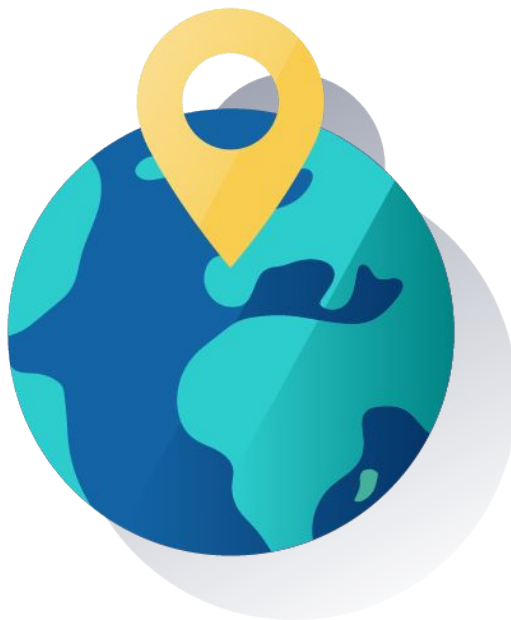
Well-integrated and consistent governance arrangements, processes and mechanisms aimed at achieving the Group's common objectives and interests

# Group Governance at BBVA

BBVA has a solid Group Governance that combines a robust management and control framework for the implementation of relevant decisions with each Group entity's managerial independence

## Group Governance Principles

- Appropriate **composition of management bodies**
- Clear **distribution of functions** between corporate bodies and management
- Solid **decision-making** process and robust **informational model**
- Comprehensive system for **monitoring the Group subsidiaries**
- **Appropriate relationship** between BBVA and subsidiaries



## BBVA's Board, as the parent company

- Defines the corporate and organizational **structure** with clear reporting lines
- Sets main **strategic goals and decisions**
- Approves the **Group** Corporate Governance General **Policy**

## Cross-sectional Global Areas

- Clear sets of **roles and responsibilities**
- **Interaction** between BBVA's senior management and equivalent local areas
- Ensure an integrated **decision-making process and oversight** of the Group

# Additional information

# Board Committees

Majority of independent directors\*

Specialized and cross-membership for an efficient interaction

## EXECUTIVE

- Coordination of decisions on strategy, budget, capital and liquidity
- Monitoring and controlling: strategy; budget; risks; capital and liquidity; evolution of projects and investments; and strategies approved by the Board

## AUDIT

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

## RISK & COMPLIANCE

- Monitoring of the Group's financial and non-financial risks (in coordination with those monitored by other committees), with a holistic view
- Oversight of Compliance Function
- Promote risks and compliance cultures across the Group



## REMUNERATION

- Remuneration related matters affecting directors, senior management and risks takers

## APPOINTMENTS & CORPORATE GOVERNANCE

- Performance assessment of the Board and of executive directors
- Oversight of the Bank's Corporate Governance System
- Oversight of the composition of the Board and leads refreshment and director selection processes

## TECHNOLOGY & CYBERSECURITY

- Oversight of technological risks
- Monitoring of the Group's technology strategy
- Oversight of cybersecurity management

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

\*Except in Executive Committee

## Board skills matrix (non-executive directors)

● High ● Medium ● Basic

[illegible]



## Professional and international experience (non-executive directors)

Professional Experience	J.M. Andrés	J. Caruana	R. Galamba	B. Garijo	C. Hedegaard	L. Máiz	J. Maldonado	A. Peralta	J. Pi	A. Revenga	S. Rodríguez	C. Salazar	J. Verplancke
Public Administration		•			•	•	•			•		•	
Academy					•	•	•			•	•	•	
Company	•	•	•	•		•	•	•	•			•	•
Consulting, advice, audit	•		•				•	•		•	•	•	
Senior Management	•	•	•	•	•	•	•	•	•	•	•	•	•
Board of Directors	•	•	•	•	•	•	•	•	•		•	•	•
Non-profit organizations	•		•		•		•		•	•	•	•	
INTERNATIONAL BACKGROUND													
Europe	•	•	•	•	•	•	•	•	•	•	•		•
Latam			•			•	•		•	•		•	•
Others			•	•					•	•		•	•

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

Male 7 53.8%

Female 6 46.2%

**TOTAL DIRECTORS** (including executive directors) 15 100%

Male 9 60%

Female 6 40%

## Additional information

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

BBVA  
Board of  
Directors



Board  
Committees



Annual  
Corporate  
Governance  
Report



Directors'  
Remuneration



Sustainability  
and Responsible  
Banking





# Management Team



**Chief Executive Officer**  
Onur Genç



**Chair**  
Carlos Torres Vila

## Business Units



**Corporate & Investment Banking**  
Luisa Gómez Bravo



**Client Solutions**  
David Puente



**Sustainability**  
Javier Rodríguez Soler



**Country Monitoring <sup>(1)</sup>**  
Jorge Sáenz-Azcúnaga



**Country Manager Spain**  
Peio Belausteguigoitia



**Country Manager Mexico**  
Eduardo Osuna



**Country Manager Turkey**  
Recep Bastug

## Global Functions



**Finance**  
Rafael Salinas



**Global Risk Management**  
Jaime Sáenz de Tejada

## Transformation



**Engineering**  
José Luis Elechiguerra



**Talent & Culture**  
Carlos Casas



**Data**  
Ricardo Martín Manjón

## Strategy



**Strategy & M&A**  
Victoria del Castillo



**Communications**  
Paul G. Tobin



**Senior Advisor to the Chair**  
Juan Asúa

## Legal and Control



**Legal**  
María Jesús Arribas



**General Secretariat**  
Domingo Armengol



**Regulation & Internal Control <sup>(2)</sup>**  
Ana Fernández Manrique



**Internal Audit <sup>(2)</sup>**  
Joaquín Gortari

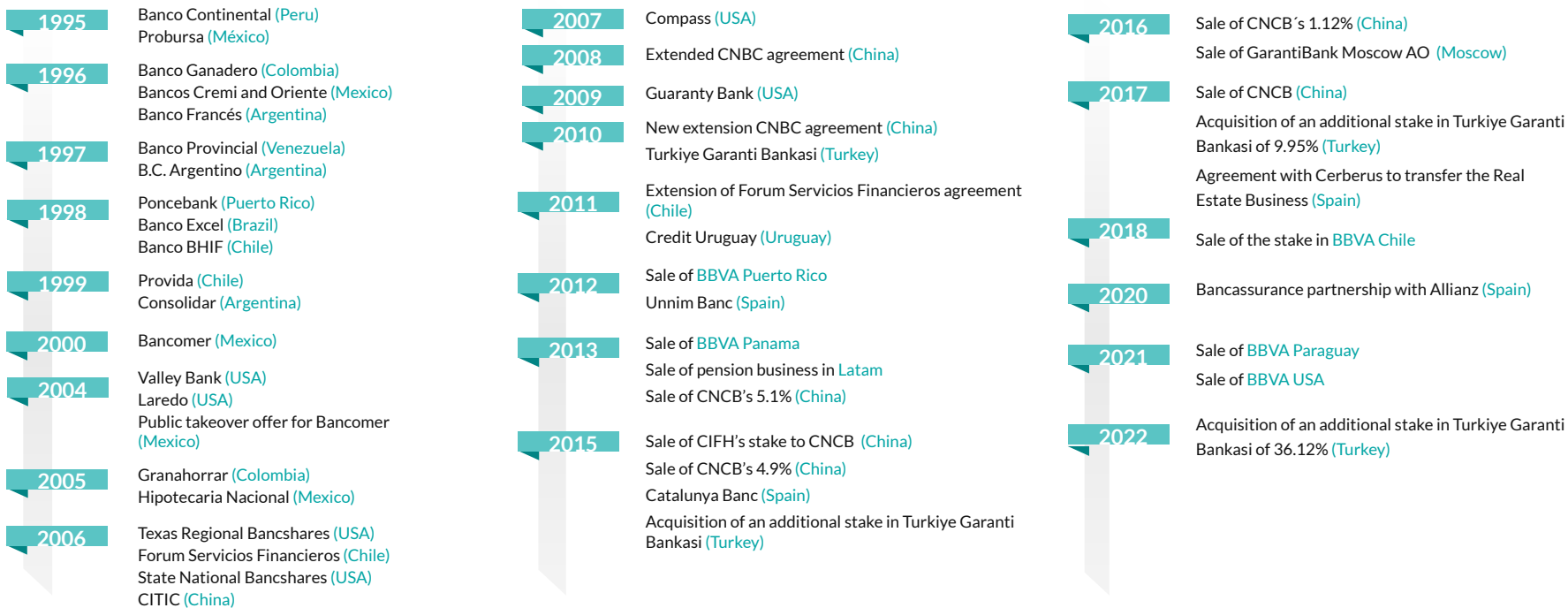
(1) Canal de reporte al consejero delegado para Argentina, Colombia, Perú, Venezuela y Uruguay, así como seguimiento de todos los países, incluidos España, México y Turquía.

(2) Reporte directo al Consejo de Administración.



# BBVA had significant growth since 1995

## MORE THAN 160 YEARS OF HISTORY



BBVA