

# Board of Directors Report

## Proposal for the re-election of Jaime Félix Caruana Lacorte as an independent director

February 2024

## 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. (hereinafter, “**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 to the General Shareholders' Meeting the re-election of directors, at the proposal of the Appointments and Corporate Governance Committee when these are independent.

Accordingly, 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 the Board of Directors itself.

In order to comply with the above, the Bank's Board of Directors has prepared this report, which accompanies the proposal to re-elect Jaime Félix Caruana Lacorte 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. Re-election proposal

In preparing this report, the Board of Directors has assessed the proposal of BBVA's Appointments and Corporate Governance Committee (hereinafter, the “**Committee**”), formulated in accordance with the provisions of article 529 *decies*, paragraph 4 of the Corporate Enterprises Act and article 3 of the Bank's Regulations of the Board of Directors, after having carried out an analysis of the structure, size and composition of the corporate bodies, in order to ensure that they are adequate for the performance of their duties and that they meet the needs of such bodies at all times and that the Board, as a whole, has the appropriate knowledge, skills and experience to be able to understand the business, activities and main risks of BBVA and its Group, and thus ensure its effective capacity to perform its duties in the best interests of the Company.

This analysis is carried out within the framework of the progressive and orderly refreshment of the corporate bodies carried out by the Board, by virtue of which persons with different profiles and experiences are brought in to increase diversity, as well as to ensure an appropriate rotation of the members of the Board of Directors.

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

- 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 all activity carried out at the executive level, relying to such end on a reporting model that provides the corporate bodies with complete, integral, adequate and consistent information for the performance of their duties;
- the fact that the term of office established in the bylaws of a significant number of the Bank's current directors will expire during 2024, with consideration also being given to the independence, age, length of service and other circumstances of each of them; and

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- the composition of the Board of Directors, in order to be able to identify those areas and capabilities that should be supplemented or strengthened in order to continue to have the composition of the corporate bodies that best suits the Bank's current needs;
- all of the above, taking into account prevailing regulatory requirements and the forecasts and objectives with regard to the structure, size and composition of the Board, set out in the Regulations of the Corporate Bodies and the BBVA Board of Director's Selection, Suitability and Diversity Policy (the "**Selection Policy**").

Moreover, it has been noted that, as a result of the annual refreshment process carried out by the Bank's corporate bodies, the Board has 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 Committee itself and set out in the Selection Policy;
- in the last four years, five new directors have joined the Board, four of them qualifying as "independent"; and
- directors have an average length of service on the Board of approximately seven years.

It was also assessed the robust and effective structure of the Board, which includes the support of the committees, based on an appropriate distribution of functions, thus enabling the Board to perform all of the duties assigned to it.

Furthermore, it has been found that the size of the Board, in compliance with the provisions of the Company's Bylaws and the Spanish Code of Good Governance of Listed Companies, is appropriate in view of the structure and composition of the Board's committees, which requires an additional level of dedication from the directors who sit on them. In this regard, it has confirmed that independent directors contribute to a suitable composition of both the Board of Directors and its committees, particularly those that support the Board in its supervision and control functions. These Committees must have a significant number of independent directors, from among which the chairs of these committees must also be appointed.

On the other hand, the analysis in which this proposal for re-election is framed has taken 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 end, the corporate bodies have relied, among other things, on a "skills and diversity matrix" of the Board of Directors, which is prepared as a result of the aggregation of the data and skills of BBVA directors on the basis of the information provided by them and a review in which the Appointments and Corporate Governance Committee contributes its expert judgment in gauging the skill levels of each director and of the Board as a whole. This skills matrix combines information from the directors on the areas, sectors and subjects that are of particular relevance to the Group's strategy and activities, and the directors' professional experience and previous track record in various areas, both domestically and internationally.

Thus, it has been possible to verify that the Board has a suitable composition, comprising people with different profiles, knowledge and professional experience. It is also diverse in terms of gender

and nationality. In addition, the Board has a high number of independent directors, with a level of dedication and participation that has made it possible for the Bank's corporate bodies to perform their functions in a fully satisfactory manner.

This suitable composition of the Board has been the outcome of a process of gradual and ongoing refreshment process that has been taking place over many years. Individuals have been appointed who have strengthened the skills, knowledge and experience of the Board in areas of particular significance for the Bank's strategy, business and activities.

In this regard, the Board currently comprises directors with diverse experience on the Board itself, combining recently appointed members with others who have experience in the corporate bodies, and who have significant knowledge of the strategy, business, activities and culture of the Group, as well as of the operational dynamics and working culture of the corporate bodies.

As such, these directors with experience on the Board facilitate the progressive refreshment process 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 appointment of new directors to the working dynamics of the corporate bodies, and ensuring the proper performance of their duties at all times.

Lastly, as part of its analysis, the Committee has taken into account the operation and performance of the corporate bodies, noting that the directors had shown great dedication to the Bank, an ability to adapt and be flexible in response to prevailing circumstances, and deep knowledge of the environment and the Group, which has ultimately allowed the corporate bodies to carry out the functions entrusted to them.

As a result of the review performed and described above, it has been concluded that the Board, as a whole, has an adequate and diverse composition, and complies with the objectives contemplated in the applicable regulations, in its own Regulations and in the Selection Policy. The Committee notes that there is an appropriate balance between the different categories of directors, with a large majority of non-executive directors (13 out of a total of 15 directors) and independent directors (10 out of 15, which exceeds the target set out in the Selection Policy of having at least 50% independent directors). In addition, there is a level of gender diversity that meets the objectives undertaken by the Board and is in line with best practices (women represent 40% of the members of the Board). The Board also has a wide diversity of skills, knowledge and experience, both national and international.

Notwithstanding the above, the Board, with the support of the Appointments and Corporate Governance Committee keeps fostering the progressive refreshment process of the Board, in order to continue strengthening its composition with individuals that complete the knowledge and experience of its members at all times and allow BBVA's corporate bodies to have the most suitable composition for the best performance of their duties.

In view of the foregoing, the Committee has agreed to propose to the Board of Directors so that it may propose to the General Shareholders' Meeting of the Company, the re-election of Mr. Caruana as member of the Board of Directors, for the Bylaw mandated period of three years, with the status of independent director of the Bank.

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### 3. Skills, experience and merits

The Board of Directors has assessed, for the issuance of this Report, as established in the applicable regulations, the skills, experience and merits, as well as the knowledge of Mr. Caruana, for which purpose it has analyzed his curriculum vitae, which is attached to this Report as an **Appendix**, as well as the director's activity in the corporate bodies in the years during which he has served as a member of the Board.

The Board highly values his training and excellent professional experience gained prior to his appointment to the Bank's Board of Directors, as well as in relation to his current positions outside the Bank.

Mr. Caruana holds a degree in Telecommunications Engineering from the Higher Technical School of Telecommunications Engineers (ETSIT) and is a Trade Expert and State Economist. During his professional career, he has held various positions of the highest responsibility in the fields of finance and banking, both in the public and private sector, in Spain and abroad, having led institutions of great importance to the national and international banking system.

Of particular note is the fact that, in the last few years prior to joining the BBVA Board of Directors, he was Governor of the Bank of Spain and a member of the Governing Board of the European Central Bank (2000–2006), Chairman of the Basel Committee on Banking Supervision (2003–2006), Director of the Monetary and Capital Markets Division and Financial Director to the Managing Director of the International Monetary Fund (2006–2009) and, finally, General Manager of the Bank for International Settlements (2009–2017).

Since his appointment to the BBVA Board of Directors on March 16, 2018, Mr. Caruana has demonstrated that he has extensive knowledge of the Bank's strategy, business, activities, risks, regulatory and statutory environment and culture, from the different perspectives that are subject to analysis by the corporate bodies; it is noteworthy that he is currently a member of the Executive Committee, the Audit Committee and the Risk and Compliance Committee, as well as having been a member of the Technology and Cybersecurity Committee.

Furthermore, in the years in which he has been part of the Bank's corporate bodies, Mr. Caruana has brought to them his extensive knowledge and experience, displaying great dedication and availability in the performance of his duties, and carrying out his role with objectivity and independence of judgement, thus contributing to the proper functioning and performance of the corporate bodies.

Moreover, Mr. Caruana is aligned with the Bank's culture and values, thus facilitating their dissemination both to the Group's executives who interact with the corporate bodies, as well as to new members of the Board of Directors. Along this, he has helped to ensure that the progressive refreshment process of the Board runs smoothly, making his knowledge and experience regarding the functioning and work culture of the corporate bodies available to new directors.

The re-election of Mr. Caruana as an independent director of BBVA would contribute directly to the achievement of the objectives set out in the Selection Policy, in particular that of non-executive

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directors representing an ample majority over executive directors and that the number of independent directors must be at least 50% of the total number of directors.

All of the foregoing is of particular importance for the proper performance of the duties entrusted to the corporate bodies in their decision-making capacity and role in supervising and controlling the Bank's strategy, business, activities and risks.

Based on the analysis performed by the Appointments and Corporate Governance Committee, the Board of Directors has assessed Mr. Caruana's compliance with the suitability requirements established in the applicable regulations for holding the position of BBVA Board member, concluding that Mr. Caruana has recognized commercial and professional repute, has adequate knowledge and experience to perform his duties and is in a position to exercise good governance of the entity; and meets the conditions to be considered as an independent director.

#### 4. Conclusion

Consequently, the Board considers that Mr. Caruana is qualified to be a member of the Bank's Board of Directors and, in particular, has the competence, experience and merits, as well as the knowledge required for the performance of his duties.

As a result of the foregoing, taking into account the proposal issued by the Bank's Appointments and Corporate Governance Committee, the Board of Directors has agreed to propose to the General Shareholders' Meeting of BBVA, the re-election, as an independent director of the Bank's Board of Directors, of Jaime Félix Caruana Lacorte, 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.

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## Appendix: *curriculum vitae*

### Jaime Caruana Lacorte

#### Director

Born in 1952

Spanish national

Telecommunications Engineer by the ETSIT (*Escuela Técnica Superior de Ingenieros de Telecomunicación*) of the Universidad Politécnica de Madrid

Commercial Technician and State Economist (*Técnico Comercial y Economista del Estado*)

#### Professional background:

- 1979-1984 Ministry of Commerce. General Manager of Imports, Subdelegation of Commerce and Spanish Institute of Foreign Commerce (ICEX)
- 1984-1987 Commercial Attaché in the Spanish Commercial Office in New York
- 1987-1996 General Manager and Chief Executive Officer in Renta 4 and in its investment fund manager
- 1996-1999 General Manager of Treasury and Financial Policy, director of the Bank of Spain and of the Spanish National Securities Market Commission. Spanish representative in the Monetary Committee of the European Union and Director of the Spanish Net Equity Stakes (*Sociedad Estatal de Participaciones Patrimoniales*)
- 1999-2000 General Manager of Banking Supervision at the Bank of Spain
- 2000-2006 Governor of the Bank of Spain and member of the Governing Council of the European Central Bank
- 2003-2006 Chair of the Basel Banking Supervisory Committee
- 2006-2009 Head of Monetary, Capital Markets Department and Financial Counselor and General Manager at the International Monetary Fund (IMF)
- 2009-2017 General Manager of the Bank of International Settlements (BIS)

#### Other positions:

- 2004-2009 Member of the International Advisory Committee of the CBRC (China Banking Regulatory Commission)
- 2003-2017 Member of the Financial Stability Board (previously, Financial Stability Forum)
- 2013-2017 Member of the Group of Trustees of the Principles for Stable Capital Flows and Fair Debt Restructuring
- 2019-2023 Member of the International Advisory Committee of the China Banking and Insurance Regulatory Commission's (CBIRC)
- Since 2003 Member of the Group of 30 (G-30)

He was appointed director of BBVA on 16 March 2018.