

# Corporate Governance Overview 2023

February 2024





## Corporate Governance at BBVA

Banco Bilbao Vizcaya Argentaria, S.A. ("BBVA", the "Company" or the "Bank") is the parent company of an international financial group, composed of legally autonomous companies primarily engaged in banking activity and other activities directly or indirectly related hereto, (the "BBVA Group" or the "Group").

BBVA's Corporate Governance System has been defined by the Board of Directors and is oriented towards guiding the Group to the achievement of its Purpose.

This System is based on a set of principles, aligned with the Group's corporate culture and values, which seek to promote the long-term interests of BBVA and its various stakeholders.

## **PRINCIPLES**



**Composition** of corporate bodies adequate for the performance of their functions



Clear distribution of functions between the corporate bodies and executive areas



Robust decision-making and monitoring and control processes, based on full, complete, adequate and consistent information



Integrated **Group corporate** governance



**Transparency** with stakeholders



Compliance with applicable legislation and supervisory requirements

As an essential part of the BBVA's Corporate Governance System, the corporate bodies play a key role as they are responsible for making the Group's most important decisions, while also overseeing and controlling the management and the business.

Among BBVA's corporate bodies firstly include the **General Shareholders' Meeting**, as the supreme body for deliberating and deciding on the most important matters to which all the Bank's

shareholders are called to exercise the powers assigned to it in the Bylaws, in its Regulations and in the applicable legislation.

BBVA has a varied and diverse shareholder base, both in terms of geographical origin and type of shareholder. **91,39%** <sup>1</sup> of the Company's share capital is admitted to unrestricted trading on the stock markets (free float), and there is no controlling shareholder.





### SHAREHOLDER STRUCTURE 8 **RETAIL** INSTITUTIONAL 38.34% 61.66% Diverse Broad base of Active engagement shareholding base international and interaction Both in terms of institutional with both institutional geographical area and and retail shareholders investors by type of investor (\*) Figures as of December 2023

In order to guarantee the principle of equal treatment, all BBVA shares confer the same political and economic rights on their holders (following the one share, one vote principle), while the majorities required for the adoption of corporate resolutions by the General Meeting of Shareholders are as stipulated in the Company's Bylaws and, in the absence of specific provisions, those stipulated in the regulations applicable to the Company.

The **Board of Directors** is a key element of the Corporate Governance System and combines supervisory and control functions over the management of the Bank and its Group along with management functions, making some of the most important decisions for the Group, delegating the ordinary running of the business and the pursuit of the strategy to the executive team.

The Board is composed of a total of 15 Directors at year-end 2023, of whom 2 are executive Directors and, of the remaining 13 non-executive Directors, 10 are independent and the remaining 3 are external Directors.

## **CORPORATE GOVERNANCE SYSTEM**



- Active participation in person or remotely at General Meetings (hybrid format)
- Group management and supervision
- Balance, qualified, experienced and diverse composition
- Clear allocation of duties and robust ... check & balances





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

**EXECUTIVE** COMMITTEE **AUDIT** 

RISK AND **COMPLIANCE**  **REMUNERATION** 

**APPOINTMENTS AND CORPORATE GOVERNANCE** 

**TECHNOLOGY AND CYBERSECURITY** 

SENIOR MANAGEMENT (clear lines of responsibility)



The Board of Directors has a **clear assignment of functions** between the various bodies and persons and is subject to **robust checks & balances** to ensure its proper functioning, avoiding the concentration of power in a single person or body.

The BBVA's Corporate Governance System is under constant review and improvement, thus ensuring its progressive evolution and alignment with the interests of the Group and its various stakeholders. Aside from having a **strong level of independence** the Board also has a Lead Independent Director, who performs the duties established in Article 21 of the Board Regulations, including interaction with the other Directors and acting as engagement contact for investors and supervisors.

The members of the Board of Directors have the knowledge, experience and skills needed to perform their duties, resulting in an appropriate composition of the Board as a whole. In order to ensure that the composition is appropriate at all times, the Board analyses its composition, to ensure the necessary diversity and the alignment of the Board with the strategic needs and priorities of the Group. This is further enhanced by the continuous training programmes that all Board

members must undergo, in which they receive training from experts in various strategic matters for the Group. On the other hand, members of the Board of Directors of BBVA have high levels of commitment and **dedication** which allows the Board to carry out its functions of monitoring the activity carried out by the management team and decision making.



## MATRIX OF COMPETENCES OF THE BOARD

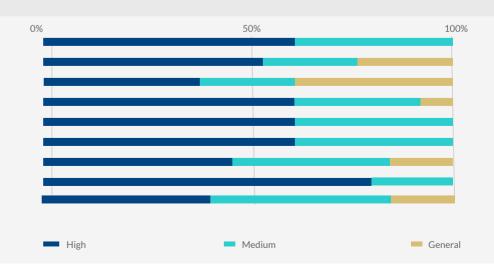
Banking and financial services

Accounting, auditing and financial literacy
Innovation and information technologies
Risk management

Strategy and macroeconomic environment
HR, talent, culture and remuneration
Institutional, legal and regulatory

Corporate governance

Sustainability (Environmental and Social)





COMPOSITION

Director	Role in the Board	Year of first appointment	Executive Committee	Audit Committee	Corporate Governance Committee	Remuneration Committee	Risk & Compliance Committee	Technology & Cybersecurity Committee
Carlos Torres Vila	Chair	2015	С					С
Onur Genç	Chief Executive Officer	2018	М					
Raúl Galamba de Oliveira	Lead Independent Director	2020			М		С	М
José Miguel Andrés Torrecillas*	Independent Deputy Chair	2015	М	С	С			
Jaime Félix Caruana Lacorte*	Independent Director	2018	М	М			М	
Sonia Dulá	Independent Director	2023		М			М	
Belén Garijo López*	Independent Director	2012	М		М	С		
Connie Hedegaard Koksbang	Independent Director	2022		М				
Lourdes Máiz Carro	Independent Director	2014		М		М		
José Maldonado Ramos*	External Director	2000	М		М			
Ana Peralta Moreno*	Independent Director	2018		М		М		
Juan Pi Llorens*	External Director	2011			М		М	М
Ana Revenga Shanklin	Independent Director	2020				М	М	М
Carlos Salazar Lomelín	External Director	2020				М		
Jan Verplancke*	Independent Director	2018				М		М

<sup>\*</sup> Expiration of 3-year term on 2024's AGM

In order to better perform its duties, the Board of Directors has set up a total of **6 Committees**, the majority of which are composed of independent Directors with specific expertise in their respective fields, and which also have a cross-committee structure to ensure efficient interaction.



• Promotes a risk and compliance culture across the Group

non-financial risks with a holistic view

Oversight of Compliance function

- Monitoring of the Group's technology strategy
- Support for cybersecurity management oversight
- Support in the monitoring of technological risks

Governance of SUSTAINABILITY by the corporate bodies has the Board at its core, which defines the strategy in this area and supervises its implementation in the Group with the support of the various committees within the framework of their respective remit.



The **Committees** play a key role in BBVA's Corporate Governance System insofar as they support the Board in decision-making and in the supervision and control of the Group's management and the decisions taken in execution thereof, based on a distribution of functions among the various Committees and a composition based on the appointment of members with specific knowledge and experience within their respective fields.

The balance of power in the Board is reflected in the existence of an executive **Chair** and a **Chief Executive Officer**, with separate positions and a differentiated allocation of roles and responsibilities, which is complemented by the role of the **Lead Independent Director**.

Within this structure, the Chair is responsible for driving the Group's strategy and transformation process, as well as the Bank's institutional representation and the leadership of the Board of Directors, while the CEO, who also reports directly to the Board of Directors on which he holds a seat, is responsible for steering the Group's business and managing its day-to-day operations.

In the performance of their duties, BBVA's executive Directors are assisted by the other members of the **Group's Senior Management**, whom they direct and coordinate in the development of their activity and in their validation and reporting to the corporate bodies.

### RECOMMENDATIONS OF THE CODE OF GOOD GOVERNANCE

For the purposes of determining the degree of compliance with the recommendations of the Good Governance Code of listed companies approved by the Spanish National Securities Market Commission (CNMV), BBVA complies with a total of **56 recommendations** and partially complies with **3** additional **recommendations**, which means that **5 recommendations** are **not applicable to the Company**. Explanations are provided in this report for those recommendations with which the Company does not apply or only complies partially.

<b>56</b> Recommendations	3 Recommendations	<b>5</b> Recommendations
Compliant	Partially compliant	Non-applicable

## Recommendations that are partially complied are:

Recommendation 5 (Delegation to issue shares or convertible securities for more than 20% of the share capital with exclusion of pre-emptive subscription rights): The total amount of the issuances delegated by the BBVA Shareholders' General Meeting are covered by the provisions of the Fifteenth Additional Provision of the Corporate Enterprises Act ("CEA"), which establishes that the 20% limit provided for in article 511 does not apply to this type of issue.

Recommendation 42 (Additional powers to the legal powers of the Audit Committee regarding compliance and risk management): Given that BBVA is a credit institution, it has a Risk and Compliance Committee with competencies in risk and compliance matters, notwithstanding the fact that the management of certain risks is assigned to other Board Committees, such as the Executive Committee.

Recommendation 52 (Rules regarding the composition and functioning of supervision and control committees): The Technology and Cybersecurity Committee is composed of 4 non-executive members and chaired by an executive Director. However, it is not considered a supervisory and control committee, as it is a Committee of a technical nature and supports the Board which has been assigned additional and complementary functions to the supervision of all financial and non-financial risks of the BBVA Group carried out by the Risk and Compliance Committee.

## Recommendations not applicable:

Recommendation 2 (Enhanced transparency measures for listed companies controlled by another entity): Not applicable as far as BBVA has no controlling shareholder.

Recommendation 10 (Transparency and information obligations in the event of shareholders supplementing the General Shareholders' Meeting): Not applicable since no legitimate shareholder has requested supplements to the call in recent years.

Recommendation 11 (General policy on attendance premiums): Not applicable as BBVA does not pay attendance bonuses to the General Shareholders' Meeting.

Recommendations 19 and 20 (Information in the ACGR on Proprietary Directors and resignation of Proprietary Directors in the event of transfer of the shareholding of the shareholder they represent): Not applicable because BBVA does not have Proprietary Directors.



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