

Board of Directors Report

Item 5 of the agenda of the Annual General Shareholders' Meeting called to take place on 17 and 18 March 2022 on first and second call.

Delegation to the Board of Directors of the power to issue securities convertible into shares, with the power to exclude pre-emptive subscription rights.

9 February 2022

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1. Introduction

This report is drawn up by the Board of Directors of BANCO BILBAO VIZCAYA ARGENTARIA, S.A. (“**BBVA**”, the “**Company**” or the “**Bank**”) pursuant to Articles 414 and 511 of the consolidated text of the Corporate Enterprises Act, approved under Royal Legislative Decree 1/2010, of 2 July, in its current wording (the “**Corporate Enterprises Act**”), with respect to the proposed resolution presented to the Annual General Shareholders’ Meeting under agenda item five, to confer authority on the Board of Directors to resolve, on one or several occasions, to issue securities convertible into newly issued BBVA shares (other than contingently convertible securities, envisaged to meet regulatory requirements for their eligibility as capital instruments (CoCos) referred to in the resolutions adopted by the Annual General Shareholders’ Meeting of the Company held on 20 April 2021, under agenda item five), for a period of five years and up to a maximum amount of SIX BILLION EUROS (EUR 6,000,000,000), and to exclude pre-emptive subscription rights (up to the limit indicated in the proposed resolution), and to increase the share capital by the amount necessary to cover the conversion and to amend the corresponding article of the Bylaws.

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2. Proposed resolutions

The full text of the proposed resolutions submitted for approval by the Annual General Shareholders' Meeting is as follows:

*“**One.**- To confer authority on the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A. (the “**Company**” or the “**Bank**”), as broad as necessary by law, to issue securities convertible into new Bank shares (other than contingently convertible securities, envisaged to meet regulatory requirements for their eligibility as capital instruments (CoCos) referred to in the resolutions adopted by the Company's Annual General Shareholders' Meeting held on 20 April 2021, under agenda item five), subject to provisions in the law and in the Company Bylaws that may be applicable at any time and prior obtaining of the authorizations that may be necessary to such end, on one or several occasions within the maximum term of five (5) years to be counted as from the date on which this resolution is adopted, up to the maximum total amount of SIX BILLION EUROS (EUR 6,000,000,000), or the equivalent in any other currency.*

Likewise, to confer authority on the Board of Directors, as broad as necessary by law, such that, in the manner it deems most appropriate, it may:

- (i) Resolve, establish and determine each and every one of the terms, characteristics and conditions of each issue of securities convertible into newly issued Company shares made under this resolution, including, but not limited to, the type of securities (which must be other than the aforementioned contingently convertible securities (CoCos), issuance of which by the Board of Directors is regulated by the resolutions adopted by the Annual General Shareholders' Meeting held on 20 April 2021, under agenda item five) and their denomination; the amount, always within the maximum overall amount indicated above; the issue date(s); the interest rate; the issue price and, in the case of warrants and similar securities, the issue price and/or issue premium, the strike price—which may be fixed or variable—and the procedure, term and other conditions applicable to the exercising of the right to subscribe for or purchase the underlying shares; the number of securities and the nominal value of each one; the form in which the securities are to be represented; the form and conditions of the distribution, the fixed or variable interest rate, and the dates and procedures for payment of the coupon; the priority of the securities and their potential subordination clauses; where appropriate, the anti-dilution clauses; the applicable law, and, where appropriate, the mechanisms for the collective organization and association and/or representation and protection of the holders of the securities issued, including the appointment of their proxies.*

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- (ii) *Resolve, establish and determine the manner, timing and scenarios for conversion and/or redemption; and the bases and methods of conversion.*
- (iii) *Resolve, establish and determine the conversion ratio, which may be fixed or variable, within the limits set forth below.*

If the issue is carried out with a fixed conversion ratio, the Company share price used for the purposes of conversion may not be less than the greater of: (a) the arithmetic mean of the closing prices of the Company share on the securities market or stock market determined by the Board of Directors, during the period that is established, which may not be more than three months or less than fifteen trading days prior to the date on which the specific issuance of convertible securities is approved; and (b) the closing price of the Company share on the securities market or stock market determined by the Board of Directors, on the day prior to the date on which the specific issuance of convertible securities is approved.

If the issuance is made with a variable conversion ratio, the Bank share price used for the conversion must be the arithmetic mean of the closing prices of the Company share on the securities market or stock market determined by the Board of Directors, during the established period, which may not be more than three months or less than five trading days prior to the date on which the conversion trigger event takes place. A premium or, where appropriate, a discount—up to a maximum of 30%—may be applied to the price per share. The premium or discount may be different for each conversion date on each of the issuances or tranches. Likewise, even if a variable conversion ratio is established, a minimum and/or maximum reference price may be determined for the shares for conversion, in the terms resolved by the Board of Directors.

Subject to all other limits applicable under the regulations in effect at any time, the value of the Company share for the purpose of the ratio for converting the securities into shares may not be less than the nominal value of the Company share at the time of conversion, and securities may not be converted into shares when the nominal value of the securities is less than that of the shares.

For the purposes of conversion, the value of the convertible securities will be their nominal value, and may or may not include interest accrued and unpaid at the time of conversion, and any rounding formulae considered suitable may be determined.

- (iv) *Request, where appropriate, the admission to trading of the convertible securities issued by virtue of this delegation, and/or the shares issued to cover their conversion, in official or unofficial, regulated or unregulated, organized or unorganized secondary markets, Spanish*

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or foreign, and to carry out any procedures or actions deemed necessary or advisable for this purpose with regard to the corresponding public and/or private bodies.

The Company hereby expressly submits to the regulations that exist now or that could be enacted in the future with regard to trading, and particularly with regard to contracting, retention and exclusion from trading and the undertaking that, in the event that exclusion from trading of the securities or shares is subsequently requested, this will be adopted with the formalities required by the applicable regulations.

- (v) *Increase the Bank's share capital by the amount necessary to cover the conversion commitments or requests, within the limits that, where applicable, are in force and available at any time, being authorized to declare the issue undersubscribed, where applicable, establishing the specifications of the Company shares to be issued to cover the conversion of the securities, and to redraft the corresponding article of the Company Bylaws.*

If the issuance is convertible and callable, it may be established that the Company reserves the right to choose, at any given time and with the limits that, where applicable, are in force and available at all times, between the conversion of shares from the Company's new issue or an exchange for outstanding shares. It may also be decided that the delivery should include a combination of newly issued shares and outstanding shares, in full compliance with the equal treatment of all holders of securities that are converted and/or called on the same date.

- (vi) *Exclude, either fully or partially, the pre-emptive subscription rights of shareholders within the framework of a specific issuance, when the corporate interest so requires, complying, in all cases, with the legal requirements and limitations established for this purpose at any given time.*

However, notwithstanding compliance with any other legal limitations established for this purpose at any given time, the power to exclude pre-emptive subscription rights will be limited, such that the nominal value of any share capital increases resolved or effectively carried out to cover the conversion of the issuances in use of this authority (without prejudice to anti-dilution adjustments) with the exclusion of pre-emptive subscription rights and any others likewise resolved or carried out with the exclusion of pre-emptive subscription rights in use of the authority delegated under this General Meeting's agenda item four, does not exceed the overall maximum nominal value of 10% of the Bank's share capital at the time of this authorization.

Two.- *To confer authority on the Board of Directors, in the broadest terms, to exercise the authorization contained in the first resolution above and to carry out any actions, procedures,*

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requests or applications that may be necessary or advisable for the effectiveness of the authorization, authorizing the Board of Directors to delegate to the Executive Committee (with the power to subdelegate in turn); to the Chairman of the Board of Directors; to the Chief Executive Officer; or to any other director, and to empower, in the broadest terms, any Company proxy.”

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3. Grounds for the proposal to confer authority to issue convertible securities and to increase share capital by the necessary amount

The proposed resolutions for conferral of authority are substantiated on the grounds that it is advisable for the Company to have a mechanism, expressly established in prevailing corporate legislation, that enables it to issue securities convertible into new Company shares as necessary or appropriate, on one or several occasions, in an agile and flexible manner, without needing to call and hold a General Shareholders' Meeting on the occasion of each issue, providing the issuance is within the limits, terms and conditions established by the Corporate Enterprises Act and by the General Meeting when conferring such authority, all of which in accordance with the Bank's needs at any given moment.

The Company must have the proper mechanisms to obtain finance and the necessary instruments to increase other categories of its financial resources when this deemed appropriate, in accordance with the conditions at any given time. These instruments include, in particular, securities convertible into new shares (other than contingently convertible securities envisaged to meet regulatory requirements for their eligibility as capital instruments (CoCos)), with sufficient flexibility and expediency and avoiding any delays and increases in costs that would entail the need to approach a General Shareholders' Meeting for each issuance of these securities. The proposed delegation will allow the Company to address both needs, with due observation at all times of the limits, terms and conditions that the General Shareholders' Meeting may resolve at the time of delegation.

This resolution is independent in all of its terms of the resolution adopted by the General Shareholders' Meeting held on 20 April 2021, under agenda item five, for the issue of securities contingently convertible into BBVA shares for their eligibility as additional tier 1 capital instruments. Thus, this resolution will not apply to these instruments and will be reserved for scenarios in which the Company decides to issue convertible securities other than the aforementioned contingently convertible securities (CoCos).

Pursuant to the above, the Board of Directors considers that delegation in its favor of authorization to issue securities convertible into Company shares, over a period of five years, in a maximum overall amount of up to SIX BILLION EUROS (EUR 6,000,000,000), without prior consultation to the General Shareholders' Meeting, is a suitable mechanism to enable the Bank to swiftly and effectively address any necessities that may arise at any given time.

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4. Grounds for the proposal to confer authority to exclude pre-emptive subscription rights

To ensure the Board of Directors can efficiently use the authority to issue securities convertible into shares of the Company, it may be necessary to exclude pre-emptive subscription rights in order to maximize corporate interest, which the Board of Directors considers a fundamental goal. This authorization to exclude pre-emptive subscription rights may serve to address specific operations which require rapid execution to reduce the risks arising from market volatility and from the uncertainty with respect to corporate operations.

It is therefore proposed that, along with the authorization to issue securities convertible into shares of the Bank, the Board of Directors also be authorized to exclude any pre-emptive subscription rights related to the issuances carried out by virtue of such delegation, if the corporate interest so requires and pursuant to Article 511 of the Corporate Enterprises Act.

Although the maximum number of shares into which the securities may be converted, plus the number of shares issued by the directors by means of the authorization to increase share capital, is currently legally limited to 20% of the number of shares making up the share capital of the company at the time of the authorization, in line with international standards, market trends and best practices in corporate governance matters, the Board of Directors has considered it appropriate that this power be limited so that the nominal amount of the capital increases effectively resolved or carried out for the conversion of any convertible issuances with exclusion of pre-emptive subscription rights by means of the authorization (without prejudice to anti-dilution adjustments), and any that are agreed or are actually carried out with exclusion of pre-emptive subscription rights by virtue of agenda item four of this General Meeting, do not exceed the maximum nominal amount, overall, of 10% of the Bank's share capital at the time of approval of the proposed authorization.

It must also be considered that the power to exclude pre-emptive subscription rights may only be exercised in scenarios in which the Board of Directors considers that the measure is proportionate to the benefits the Company will ultimately obtain and that, therefore, such exclusion is carried out because the corporate interest so requires.

Finally, regarding the resolutions to issue convertible securities with exclusion of pre-emptive subscription rights based on the authorization, the relevant report must be issued by the directors. The Company may also voluntarily obtain the independent expert's report stipulated in Article 308 of the Corporate Enterprises Act. The justificatory report by the directors and, where applicable,

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the report by the independent expert, will be made available to shareholders and communicated to the first General Meeting to be held after the issuance agreement.

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Madrid, 9 February two thousand and twenty-two

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