

Board of Directors Report

Item 3 of the agenda of the Annual General Shareholders' Meeting called to take place on 14 and 15 March 2024 on first and second call.

Reduction of share capital up to a maximum amount of 10% of BBVA's share capital through the redemption of shares acquired for this purpose.

6 February 2024

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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 “**Bank**” or the “**Company**”) pursuant to the provisions of articles 286 and 318 of the consolidated text of the Corporate Enterprises Act approved under Royal Legislative Decree 1/2010 of July 2, in its current wording (the “**Corporate Enterprises Act**”), and also serves as a report for the purposes of the provisions of article 10 of Royal Decree 84/2015, of February 13, implementing Act 10/2014 of June 26 on the regulation, supervision and solvency of credit institutions, in relation to the proposed resolution brought before the Annual General Shareholders' Meeting under item three of the agenda, to reduce the Bank's share capital in up to a maximum amount of 10% of the share capital at the time of the resolution (this is, in up to a maximum nominal amount of TWO HUNDRED AND EIGHTY-SIX MILLION, FIFTY NINE THOUSAND, SEVENTY-EIGHT EUROS AND SIXTY-TWO EURO CENTS (EUR 286,059,078.62), corresponding to FIVE HUNDRED AND EIGHTY-THREE MILLION, SEVEN HUNDRED AND NINETY-FOUR THOUSAND AND THIRTY-EIGHT (583,794,038) shares, each having a nominal value of FORTY-NINE EURO CENTS (EUR 0.49), subject to the receipt, where appropriate, of the applicable regulatory authorizations, through the redemption of own shares that have been purchased derivatively by BBVA, by virtue of the authorization granted by the General Shareholders' Meeting held on March 18, 2022 under item six of the agenda, through any mechanism with the purpose of redemption, empowering BBVA's Board of Directors to execute the reduction in whole or in part, and on one or more occasions, or not to execute it, from the time of adoption to the time at which the next Annual General Shareholders' Meeting is held, all in accordance with the provisions of the applicable legislation and regulations, and consistent with the terms of any limitations that may be imposed by any competent authority, as indicated within this report.

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2. Proposed resolutions

“One.- Approve the share capital reduction of Banco Bilbao Vizcaya Argentaria, S.A. (the “Company” or “BBVA”) by up to a maximum amount of 10% of the share capital on the date of this resolution (this is, by up to a maximum nominal amount of TWO HUNDRED AND EIGHTY-SIX MILLION, FIFTY NINE THOUSAND, SEVENTY-EIGHT EUROS AND SIXTY-TWO EURO CENTS (EUR 286,059,078.62), corresponding to FIVE HUNDRED AND EIGHTY-THREE MILLION, SEVEN HUNDRED AND NINETY-FOUR THOUSAND AND THIRTY-EIGHT (583,794,038) shares with a nominal value of FORTY-NINE EURO CENTS (EUR 0.49), subject to obtaining, where appropriate, the corresponding regulatory authorizations, through the redemption of own shares acquired derivatively by BBVA by virtue of the authorization granted by the BBVA General Shareholders’ Meeting held on 18 March 2022 under item six of the agenda, through any mechanism whose objective or purpose is redemption, all in compliance with the provisions of the legislation or regulations in force, as well as with any limitations that any competent authorities may establish. The implementation period of this resolution will end on the date of the next Annual General Shareholders’ Meeting, being rendered null and void from that date in respect of the amount not executed.

The final figure for the share capital reduction will be set by the Board of Directors, within the maximum amount referred to above, based on the final number of shares that are purchased and that the Board of Directors decides to redeem in line with the delegation of powers approved below.

The share capital reduction will not involve the repayment of shareholder contributions as the Company itself will hold the shares to be redeemed, and the share capital reduction will be recorded as a charge to unrestricted reserves by provision of a restricted reserve for redeemed share capital in the amount equal to the nominal value of the shares redeemed, which may be disposed of only under the same requirements as those stipulated for the share capital reduction, as provided for in Article 335 c) of the Corporate Enterprises Act, by which the Company’s creditors will not be entitled to exercise their right of opposition set forth in Article 334 of the Corporate Enterprises Act.

To confer authority on the Board of Directors, in the broadest terms, authorizing it to subdelegate to the Executive Committee (which in turn, has subdelegation powers); to the Chairman of the Board of Directors; to the Chief Executive Officer; and to any other person to whom the Board explicitly grants powers to this effect, in order to totally or partially execute the aforementioned share capital reduction, on one or more occasions, within the established timeframe and in the manner it deems most appropriate, with the power to, in particular and without limitation:

- (i) Determine the number of shares to be redeemed in each execution, deciding whether or not to execute the resolution in whole or in part if no own shares are finally repurchased for the purpose of being redeemed or if, having been repurchased for that purpose, (a) they have not been purchased, on one or more occasions, in a sufficient number to reach 10% of the*

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share capital limit on the date of this resolution; or (b) market conditions, Company circumstances or any event of social or economic importance make it advisable for reasons of corporate interest or prevent its execution; notifying of this decision in any case to the next Annual General Shareholders' Meeting.

- (ii) Declare closed each of the executions of the share capital reduction finally agreed, setting, as appropriate, the final number of shares to be redeemed in each execution and, therefore, the amount by which the Company's share capital must be reduced in each execution, in accordance with the limits established in this resolution.*
- (iii) Redraft the article of the Bylaws governing the share capital so that it reflects the new share capital figure and the number of outstanding shares after each approved share capital reduction.*
- (iv) Request, as appropriate, the delisting of the shares to be redeemed by virtue of this delegation in any domestic or foreign market where BBVA's shares are listed, taking such steps and actions as may be necessary or advisable for this purpose before the relevant public and/or private bodies, including any action, declaration or management before any competent authority in any jurisdiction, including, but not limited to, the United States of America for the delisting of the shares represented by ADSs (American Depositary Shares).*
- (v) Execute all public and/or private documents, and to enter into as many acts, legal transactions, contracts, declarations and operations that may be necessary or advisable to carry out each execution of the approved share capital reduction, as well as to attend to any formalities and obligations related to the capital reduction and each of its executions.*
- (vi) Publish as many announcements as may be necessary or appropriate regarding the share capital reduction and each of its executions, and carry out any actions required for the effective redemption of the shares referred to in this resolution.*
- (vii) Set the terms and conditions of the reduction in any matters not provided in this resolution, as well as to carry out any procedures and formalities required to obtain the consents and authorizations required for the effectiveness of this resolution.*

Two.- Nullify, for the unused part, the share capital reduction resolution adopted by the Annual General Shareholders' Meeting held on 17 March 2023, under item three of the agenda."

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3. Grounds for the proposal

The Bank's priority objective is the creation of value for its shareholders, simultaneously maintaining proper levels of solvency and profitability, for which purpose the options available at any given time in the light of the applicable circumstances are analyzed on a recurring basis.

Also, the Bank's current shareholder remuneration policy envisages an annual pay-out of between 40% and 50% of the consolidated ordinary profit for each financial year, via the distribution of an amount charged against the dividend for the year and a supplementary dividend, and establishes the possibility of combining cash payments with share buybacks, all of this subject to the corresponding authorizations and approvals, as applicable at any given time.

In this sense, and within the ordinary shareholder remuneration framework corresponding to financial year 2023, on 30 January 2024, the Bank informed about its intent of carrying out a share buyback program, so as to reduce its share capital, up to a maximum of EUR 781 million, subject to the corresponding regulatory authorizations and the approval of the necessary corporate agreements.

The potential implementation of the buyback program (and, where appropriate, any further buyback programs that the Bank may execute) shall be carried out by virtue of the authorization granted to the Board of Directors of the Bank to purchase its own shares, for a five-year period, by the Ordinary General Shareholders' Meeting held on March 18, 2022, under item six of its agenda. However, the complete execution of a buyback program for the reduction of the share capital additionally would also require the correspondent resolutions authorizing the redemption of the purchased shares, for which purpose the General Shareholders' Meeting must adopt a capital reduction resolution such as the one being proposed hereunder.

For these purposes, the Annual General Shareholders' Meeting held on March 17, 2023, under item 3 of its agenda, adopted a capital reduction resolution that has been partially executed by the Board of Directors of the Bank on two occasions: (i) on June 2, 2023; and (ii) on December 19, 2023; in both cases with the purpose of redeeming the shares purchased within the framework of the different buyback programs executed by BBVA in 2023.

The validity of this resolution by the General Meeting expires on the date on which the next Annual General Shareholders' Meeting has been called to take place, March 15, 2024, in second call, after which the aforementioned resolution shall become void (in its non-executed tranche). It is therefore necessary for the Annual General Shareholders meeting to adopt a new capital reduction resolution, such as the one that is being proposed, that provides the Bank with the

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required authorizations to redeem the shares purchased within the framework of the proposed share repurchase program (and, where appropriate, of any other repurchase program that the Bank may decide to execute).

Thus, the General Shareholders' Meeting of the Bank is hereby presented with a proposal to adopt the aforementioned capital reduction resolution to equip the Company with all the necessary mechanisms to effectively implement any buyback programs that the Bank may execute, concerning both the launch of the program itself, and the effective redemption of the shares acquired, with no need to call and hold a General Shareholders' Meeting, always within the limitations, terms and conditions established by the Corporate Enterprises Act and any resolutions proposed at this General Shareholders' Meeting.

Additionally, and depending on the shares finally acquired, it may not be necessary to implement the share capital reduction in its entirety, and in such case it may be implemented partially, or can be implemented on one or more occasions if several buyback programs are executed or a share buyback program is executed in several tranches. Moreover, in a potential scenario where conditions may advise against or prevent the execution of both a buyback program and the capital reduction, including, but not limited to, the capital position, the regulatory framework or requirements applicable to the Bank, the Board of Directors may determine not to make use of the delegation of authority, in which case it must report this decision at the next Annual General Shareholders' Meeting.

Taking the foregoing into consideration, the Board of Directors deems that the approval of a reduction of the Bank's share capital through the redemption of own shares acquired for the purpose of being redeemed, with delegation to the Board of the powers necessary to implement the resolution in whole or in part and on one or more occasions, with no need for consultations with the General Shareholders' Meeting, is a suitable mechanism permitting the Bank to properly and swiftly effectively implement any share buyback programs decided by the Board of Directors.

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4. Exclusion of creditors' right of opposition

The share capital reduction will be carried out as a charge to freely distributable reserves by means of the provision of a restricted reserve for redeemed share capital in an amount equal to the nominal value of the redeemed shares. This restricted reserve will be subject to the same requirements as those applicable to the share capital reduction, as provided for in article 335 c) of the Corporate Enterprises Act, and, as such, the Company's creditors will not have the right of opposition set forth in article 334 of the Corporate Enterprises Act.

For the purposes of article 411.1 of the Corporate Enterprises Act, it is noted that the consent of the holders of outstanding bonds issued by the Company will not be required, in accordance with the terms of this article and of additional provision 1, section 9 of Act 10/2014 of June 26 on the regulation, supervision and solvency of credit institutions.

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5. Resolution adopted by the Annual General Shareholders' Meeting held on March 17, 2023

It is noted that the resolution to reduce share capital approved by the Annual General Shareholders' Meeting held on March 17, 2023 under agenda item three, the timeframe for execution of which comes to an end upon the holding of this Annual General Shareholders' Meeting, rendered null and void (in terms of the remaining part) as of this date, in accordance with its own terms, has been partially utilized by the Board of Directors on two occasions: (i) on 2 June 2023, by means of the reduction of the share capital in a nominal sum of EUR 31,675,343.91 and the subsequent redemption of 64,643,559 own shares; and (ii) on 19 December 2023 by means of the reduction of the share capital in a nominal sum of EUR 62,490,986.25, and the subsequent redemption of 127,532,625 own shares.

Following these redemptions, the share capital of BBVA has been established at EUR 2,860,590,786.20, represented by 5,837,940,380 shares, each having a nominal value of EUR 0.49.

* * *

Madrid, February sixth, two thousand and twenty-four

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