Directors' Report

Issuance of preferred securities contingently convertible into shares excluding preferential subscription rights

25 September 2024

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1. Introduction

1.1. Purpose of the report

This report was drafted by the Board of Directors of BANCO BILBAO VIZCAYA ARGENTARIA, S.A. ("**BBVA**", the "**Bank**" or the "**Issuer**") pursuant to Articles 414, 417, 510 and 511 of the consolidated text of the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital*), approved by Royal Legislative Decree 1/2010, of 2 July, in its current draft ("**Corporate Enterprises Act**"), in relation to the resolution to issue preferred securities contingent convertible into newly issued BBVA ordinary shares, which are issued in accordance with the stipulations of the first additional provision of Act 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions ("**Act 10/2014**"), and Regulation (EU) 575/2013 of the European Parliament and of the Council, of 26 June 2013, on prudential requirements for credit institutions ("**CRR**") applicable at the time of issuance, so that they may be considered to be additional tier 1 capital instruments ("**Securities**"), for a maximum nominal amount of EUR 1.5 billion, or the equivalent in any other currency, excluding preferential subscription rights ("**Issuance**") and the corresponding increase in share capital to cover the contingent conversion of the Securities, if applicable.

This resolution is adopted pursuant to the authority conferred by the Ordinary General Shareholders' Meeting of BBVA of 20 April 2021 under agenda item five.

1.2. Advisory services received

This report is issued based on (i) the report issued by the BBVA Finance area, which is in turn supported by the report prepared by HSBC Continental Europe, a top-tier investment bank with recognised expertise in this type of issuances and (ii) the legal report from J&A Garrigues, S.L.P., an external legal advisor on Spanish issuance law.

2. Issuance of the Securities

2.1 Delegation by the General Meeting

The BBVA Ordinary General Shareholders' Meeting held on 20 April 2021, adopted under agenda item five and under the terms and conditions set forth in the aforementioned resolution to confer authority on the Board of Directors of the Bank with express powers of sub-delegation, to issue securities convertible into newly issued BBVA ordinary shares whose conversion is contingent and envisaged to meet regulatory requirements for its eligibility as capital instruments ("Contingent Convertible Issues - CoCos"), pursuant to solvency regulations applicable at any time. The Board of Directors may make issues on one or several occasions within a period of five years from its approval and up to the maximum overall amount of eight billion euros (€8,000,000,000), or the equivalent in any other currency, delegating in turn the power to exclude the preemptive subscription right of such securities issues, as well as the power to increase the Bank's share capital by the necessary amount and to amend the corresponding article of the Company's bylaws.

2.2 Regulatory environment and capital requirements

As a Spanish credit institution, the Bank is subject to the solvency and equity framework defined mainly by CRR and by Directive 2013/36/EU of the European Parliament and of the Council, of 26 June 2013, on access to the activity of credit institutions and the prudential supervision of credit institutions ("**Directive 2013/36/EU**", and together with CRR, the "**Solvency Regulations**").

This Solvency Regulations provides for the possibility that credit institutions have different capital instruments to effectively cover the different categories of regulatory capital that comprise their capital requirement in certain proportions, according to the composition and size of their balance sheets.

In this regard, the Solvency Regulations sets out, among other provisions, a minimum capital requirement ("**Pillar 1**") and increases the required level of capital through the "combined capital buffer requirement", which must be fulfilled with Common Equity Tier 1 ("**CET1**") capital in addition to the CET1 set out for compliance with Pillar 1.

Moreover, the European Central Bank ("**ECB**") establishes specific prudential capital requirements applicable to each credit institution ("**Pillar 2**") in the framework of the Supervisory Review and Evaluation Process ("**SREP**"). In all, these establish higher levels of capital than those for the minimum capital requirement of "Pillar 1" and the "combined capital buffer requirement" provided for in the Solvency Regulations.

As a result of the latest SREP carried out by the ECB, and taking into consideration that banks may partially use additional tier1 capital ("**AT1**") and Tier 2 capital instruments in order to fulfil the abovementioned Pillar 2 requirement, the Bank must maintain, at a consolidated level, a CET1 ratio of 9.13%, a Tier 1 ratio of 10.91%, which includes the CET1 requirement and of which 1.78% may be covered by AT1 instruments, and a total capital ratio of 13.29%, which includes the Tier 1 requirement and of which 2.38% may be covered by Tier 2 instruments.

According to the information available as of 30 June 2024, the Bank maintains on a consolidated basis a CET1 ratio of 12.75%, a Tier 1 ratio of 14.30%, which includes an AT1 level of 1.54% and a total capital ratio of 16.77%, which includes a Tier 2 level of 2.47%. These ratios are above the capital requirements applicable to the Bank.

Nevertheless, the supervisor may implement additional capital buffers to those currently applicable, while the current Pillar 2 requirements will be reviewed periodically based on the conclusions drawn by the ECB in subsequent SREPs, and may be replaced with greater Pillar 2 capital requirements. In light of the foregoing, BBVA must maintain an adequate capital management buffer.

Likewise, the Bank, as a Spanish financial institution, must maintain a minimum volume of own funds and eligible liabilities, known as the regulatory MREL requirement. In addition, a subordination requirement is also established, which obliges entities to meet part of their MREL requirement with a minimum percentage of subordinated instruments. In this regard, it should be noted that instruments eligible under CRR, such as the Securities, will be "eligible" for the purposes of both the MREL requirement and the aforementioned subordination requirement and will serve to strengthen the leverage ratio, thus facilitating the Bank's compliance with its regulatory requirements.

2.3 Reasons for the Issuance

As already mentioned above, the Solvency Regulations provides to credit entities the possibility of using AT1 and Tier 2 capital instruments in certain ratios to comply with their own funds requirements, using in their absence CET1 instruments, which would be more burdensome and less efficient. Therefore, it is proposed to make the Issuance in order to allow the Bank to comply with its own funds requirements efficiently, as its cost is lower than the cost associated with CET1 instruments.

Additionally, and even though BBVA already complies with all of its capital requirements, it is proposed to make the Issuance in order to maintain adequate management margins, above the requirements applicable from time to time, thus managing the Bank's compliance with its MREL requirement and the subordination requirement mentioned in the previous section.

This type of issuances are recurrent and frequent for credit institutions, which have been carrying out numerous of these kind transactions in all world markets since, in 2013, BBVA carried out the first issuance of these characteristics to comply with Solvency Regulations in order to be able to efficiently meet its AT1 needs.

The Issuance will also allow a prospective and orderly management of market expectations as well as of the early redemption options of the AT1 issuances of the Bank currently outstanding, guaranteeing at all times the compliance with its solvency requirements in an efficient manner and taking advantage, eventually, of the market circumstances existing at any given time (notwithstanding the fact that the relevant rate situations for the purpose of determining the suitability of the early redemption of each issue are those existing at the date of exercising such early redemption or maturity options), to preserve the Bank's capital and to manage the regulatory deadlines required by the applicable regulations.

In particular, if BBVA exercises the early redemption option on instruments that currently qualify as AT1 of the Bank on an individual and consolidated basis, it would be appropriate to issue an instrument that could also qualify, at least, as AT1, in order to preserve the Bank's capital position in the most efficient manner possible and to manage the regulatory deadlines required by the applicable regulations.

Therefore, it is advisable to have a prior authorisation to make a new issuance of AT1 instruments and therefore take advantage of situations in economic and market conditions that are considered appropriate, providing the Bank with the flexibility to execute the Issuance at the moments it deems timely.

2.4 Financial conditions of the Issuance

The maximum nominal value of the Issuance is EUR 1,5 billion (or its equivalent in any other currency), with a nominal value of at least EUR 100,000 per Security (or its equivalent in any other currency).

For the purpose of eligibility as AT1, the Securities must have the characteristics set out in the Solvency Regulations, including, inter alia, those stated in section 3.1 below.

The investor may receive distributions, which will be determined in the final terms and conditions of the Issuance and will be aligned with market prices for this type of instruments at the time of issuance. In this regard, as indicated in the Finance area's report, Securities are expected to be placed through a book-building procedure collectively addressed to the institutional market, through which the price of the Issuance will be determined by reference to the market offers received (investment banks advising the transaction will carry out dissemination and promotional activities, receiving thereafter offers detailing the price and amount that each investor would be willing to subscribe the Securities). This process is generally accepted as the most suitable to ensure that the issuance price matches with the market price.

As provided for in the Solvency Regulations, payment of the distributions will be conditional, among other factors, on the Issuer having distributable items (as defined in article 4 of CRR), which will be described in detail in the terms and conditions of the Issuance.

Nevertheless, the Issuer will have full discretion at all times to fully or partially cancel the payment of the distributions on the Securities for an unlimited period and on a non-cumulative basis, and such cancellation will not restrict the Issuer's ability to fulfil its other obligations in any way.

2.5 Bases and methods of conversion

According to the proposal submitted by the Bank's Finance area, the bases and methods of conversion of the Securities will essentially be as follows:

Conversion trigger events

The Securities will be converted into newly issued ordinary BBVA shares when the CET1 ratio of the Issuer or its consolidated group falls below 5.125 %, calculated in accordance with the Solvency Regulations or with any other regulation applicable to BBVA at any time.

The Securities may also be converted into newly-issued ordinary BBVA shares if the Issuer adopts any measure whose consequence is the approval of a share capital reduction in the terms and conditions set out in article 418.3 of the Corporate Enterprises Act.

The terms and conditions of the Issuance may set out additional whole or partial trigger events if this is necessary or advisable, to safeguard the Issuer's solvency or so that the Securities can be considered AT1.

Conversion ratio

The ratio for converting Securities into newly issued ordinary BBVA shares (the "**Conversion Ratio**") will be the quotient between the nominal unit value of the Securities (at least EUR 100,000 or its equivalent in any other currency) and the unit value linked to ordinary BBVA shares for conversion (the "**Conversion Price**").

$$Conv_{Ratio} = Nom_{convertible} / Sh_P$$

where:

- $Conv_{Ratio}$: Conversion Ratio
- $Nom_{convertible}$: Nominal Value of the convertible item
- Sh_P: Conversion Price

Consequently, the Conversion Price will be the greater of the following:

(i) the arithmetic mean of the closing prices of the BBVA share, on the specified stock exchange or securities market, in the five trading sessions prior to the conversion event, rounded to the nearest cent and, in the case of half a cent, up to the nearest cent;

(ii) the minimum conversion price set out in the terms and conditions of the Issuance, which cannot be lower than EUR 3.75 or its equivalent in any other currency, notwithstanding any modifications made to this amount as a result of implementing the anti-dilution mechanism provided for in the following section (the "**Minimum Conversion Price**"); and

(iii) the nominal value of ordinary BBVA shares at the time of conversion.

Based on the above, the Conversion Price will be equal to or higher than the market price of the BBVA share at the time the Securities are converted and may never be lower than the nominal unit value of ordinary BBVA shares at the time of conversion, so that, in any case, it will be compliant with Article 415.2 of the Corporate Enterprises Act.

The number of shares corresponding to each Securities holder after the conversion will be the result of multiplying the Conversion Ratio by the number of Securities he or she holds. If said calculation results in a fraction, this will be determined in accordance with the terms and conditions of the Issuance.

Anti-dilution mechanism

Pursuant to article 418.2 of the Corporate Enterprises Act, anti-dilution mechanisms will be established on the Minimum Conversion Price in line with market practice in this type of transactions, in compliance with the terms and conditions of the Issuance.

These anti-dilution mechanisms must take into account the conversion terms and methods determined above and the fact that the Conversion Price must never be less than the nominal value of ordinary BBVA shares at the time of conversion.

2.6 Share capital increase

In accordance with Article 414 of the Corporate Enterprises Act, when the resolution to issue Securities is adopted, it must also be resolved to increase the share capital by the amount necessary for the Securities to be converted. The maximum number of BBVA shares to be issued to cover the conversion of the Securities will therefore be determined by the quotient between the total nominal value of the Issuance and the Conversion Price.

This share capital increase will, if necessary, be executed in order to cover the potential conversion of the Securities by issuing new ordinary shares of equal nominal value, of the same class and series, and with the same rights as ordinary BBVA shares that are in circulation on the date on which the increase takes place. Should the share capital increase be executed, the corresponding article in the Company Bylaws will be reworded to adapt it to the new figure for share capital.

It is not currently possible to determine the exact value of the share capital that will be required to cover the potential future conversion of the Securities, as it will depend on the definitive nominal value of the Issuance and the Conversion Price, to be determined based on the bases and methods of conversion.

However, taking into account that the Issuance has a maximum nominal value of EUR 1,5 billion (or its equivalent in any other currency) and that the Conversion Price may not be lower than EUR 3.75 (or the equivalent in any other currency), and assuming that no anti-dilution adjustment is made prior to the date on which the Securities are converted, the maximum number of new ordinary shares that must be issued is 400,000,000.

In accordance with Article 304.2 of the Corporate Enterprises Act, should the Securities be converted, there would be no preferential subscription rights on the resulting share capital increase.

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3. Exclusion of preferential subscription rights

3.1 Grounds for the exclusion of preferential subscription rights

As indicated above, the BBVA Ordinary General Shareholders' Meeting held on 20 April 2021, resolved, under agenda item five, to delegate to the Board of Directors the authority to issue securities convertible into shares and to increase the share capital. It also resolved to confer on the Board of Directors the authority to waive preemptive subscription rights over the convertible securities issuances covered by such delegation.

To such end, when convening the aforementioned General Shareholders' Meeting, the Board of Directors approved and gave shareholders access to a report explaining the grounds of the proposal to delegate the power to waive preemptive subscription rights, in accordance with articles 417 and 511 of the Corporate Enterprises Act.

However, for the purpose of waiving preferential subscription rights for the issuance of convertible bonds, Articles 417 and 511 of the Corporate Enterprises Act require, among other matters, that this be in the company's best interest.

BBVA's Board of Directors, by virtue of said General Shareholders' Meeting's authorisation and based on the report issued by the Finance area of BBVA—which is in turn supported by the report prepared by HSBC Continental Europe—and on the legal report from J&A Garrigues, S.L.P. as an external legal advisor helping BBVA in the legal design of this transaction, has resolved to waive preferential subscription rights relating to Issuance, as it deems such exclusion to be fully substantiated, in compliance with the requirements established by the applicable law and regulations and necessary to achieve the corporate interest, as explained below.

In accordance with section 2.3, the approval of the Issuance will provide prior authorization for a new AT1 issuance and therefore the possibility to take advantage of situations deemed appropriate in economic and market terms, providing the Bank with the flexibility to carry out the Issuance at the moment deemed timely.

In order to qualify as AT1 in accordance with Solvency Regulations, the Securities must include, among others, the following characteristics:

(i) be perpetual;

(ii) be ranked below Tier 2 instruments in the event of the insolvency of the institution;

(iii) their distributions are only paid out of distributable items and the institution has full discretion at all times to cancel the distributions on the instruments for an unlimited period and on a non-cumulative basis, without restriction to meet the rest of its obligations; and

(iv) they include a mechanism for contingent conversion into entity shares when the trigger event set out in said regulation occurs (as described in section 2.5 above) and thus they are able to effectively absorb losses in a context of solvency stress of the issuer. Nevertheless, this contingent trigger event would only occur when the ratio CET1 of the issuer or its consolidated group falls below 5.125 %.

Moreover, according to the provisions of Article 208.3 c) of the Law 6/2023, of 17 March, on Securities Markets and Investment Services, any debt instruments which in turn are eligible liabilities for internal recapitalisation (bail-in) in the event of resolution of the issuer (as would be the case of the Securities), are considered complex instruments.

The characteristics described, which are required by the Solvency Regulations as well as this type of instruments being considered complex, mean that the Securities are currently a product that cannot be targeted towards all types of investors, especially retail clients, which form a significant portion of the BBVA shareholders. Not excluding preferential subscription rights would therefore entail offering a product that does not fit the investment profile of all of the Bank's shareholders, which could compromise the Issuance's viability.

In this regard, the Spanish National Securities Market Commission stated through its Circular 1/2018 of 12 March on warnings relating to financial instruments, that instruments eligible as additional Tier 1 capital (as is the case of the Securities) are products that, due to their particular complexity, are not suitable for retail clients.

Therefore, in order to directly allocate the Issuance to professional clients and eligible counterparties (who are also those who usually subscribe to this type of instrument, as was the case for AT1 issued by the Bank to date), and to not compromise the transaction, it is necessary that the preferential subscription rights are excluded for BBVA shareholders.

The combination of the aforementioned factors (the characteristics of the securities, and the Issuance recipients) means that the Finance area has suggested, as the most suitable alternative to corporate interest, carrying out the Issuance at market price, targeting the Securities solely at professional clients and eligible counterparties, as they are the appropriate group to subscribe to this type of instrument. Consequently, the most suitable alternative to satisfy corporate interest and provide a whole and joint solution to the matters at hand is to resolve to issue Securities excluding preferential subscription rights.

The following circumstances should also be taken into account:

(i) The nature of the Securities is that of a perpetual fixed-income instrument, whose contingent convertibility is required by the Solvency Regulations for their eligibility as AT1 capital, but which is only foreseen for very specific cases of a regulatory capital shortfall. In this regard, it should be noted that BBVA's solvency and equity ratios are currently much higher than the conversion trigger event, which reinforces the nature of the Securities as fixed-income instruments, being its conversion merely contingent.

(ii) The issue price for the Securities will be in line with the market prices for this type of instrument (as indicated in section 2.4 above and as stated in the Finance area's report).

(iii) The proposed Conversion Price to cover a contingent conversion corresponds to the market price of the BBVA share at the time of conversion, except in the event that said market price is less than the Minimum Conversion Price, in which case the Conversion Price would equal the Minimum Conversion Price and the shares would therefore be issued with a premium over the market price. The maximum number of shares to be issued is therefore limited by determining the Minimum Conversion Price, which guarantees that the shares will be issued at a price equal to or higher than the market price.

Taking into account that the Securities are issued as perpetual securities, that the issue price will be in line with the market price, that the conversion trigger events are contingent and strictly limited, and that the Conversion Price would be the market price or, where appropriate, include a premium over the market price, and pursuant to the report by the Finance area and the report prepared by HSBC Continental Europe, the theoretical value of the preferential subscription rights derived from the Issuance is nil and, as a consequence, current shareholders do not lose any economic value due to their exclusion.

In light of the foregoing, the exclusion of preferential subscription rights on the proposed Issuance is necessary for its intended purpose, thus achieving corporate interest.

3.2 Persons receiving Securities

The Issuance will be targeted exclusively at professional clients and eligible counterparties, as defined in the securities market regulations, excluding retail clients or investors in any case.

4. Proposed resolutions

"***FIRST***. - *Under the authority conferred by the Ordinary General Shareholders' Meeting of Banco Bilbao Vizcaya Argentaria, S.A. ("**BBVA**", the "**Company**" or the "**Issuer**") held on 20 April 2021, under agenda item five, issue contingent preference shares convertible into newly issued ordinary Company shares, in accordance with the first additional provision of Act 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions ("**Act 10/2014**") and Regulation (EU) 575/2013 of the European Parliament and of the Council, of 26 June 2013, on prudential requirements for credit institutions applicable at the time of issuance (jointly with Law 10/2014, the "**Solvency Regulations**") so that they may be considered to be additional tier 1 capital instruments ("**Securities**"), for a maximum nominal amount of one billion five hundred million euro (EUR 1,500,000,000) or the equivalent in any other currency, excluding preferential subscription rights ("**Issuance**"), in accordance with the following terms:*

Nature of the Securities:	*Contingent preference shares convertible into newly issued ordinary BBVA shares, in accordance with the Solvency Regulations, so that these may be considered to be additional tier 1 capital instruments.*
Issuer:	*BBVA.*
Issuance recipients:	*Exclusively professional customers and eligible counterparties or their US regulatory equivalents, excluding retail clients and investors in any case.*
Maximum Issuance amount:	*One billion five hundred million euro (EUR 1,500,000,000), or the equivalent in any other currency, as stipulated in the terms and conditions of the Issuance, with the possibility of a lower Issuance amount.*
Nominal unit value:	*The nominal unit value of the Securities will be as stipulated in the terms and conditions of the Issuance, with a minimum value of one hundred thousand euro (EUR 100,000), or the equivalent in any other currency.*
Number of Securities:	*The maximum number of Securities to be issued will be as a result of dividing the total nominal Issuance amount by its nominal unit value. All of the Securities will belong*

	to a single series and will assume the same terms and conditions.
Distribution:	*Securities holders may receive non-cumulative distributions that will be determined based on the interest rate applicable to the nominal value of the Securities, which will be payable provided that the conditions established in the terms and conditions of the Issuance are met (the "**Distribution**").* *Nevertheless, the Issuer will have full discretion at all times to fully or partially cancel the payment of the Distributions for an unlimited period, on a non-cumulative basis, and said cancellation will not restrict the Issuer's ability to fulfil its other obligations in any way.* *The foregoing is without prejudice to other Distribution cancellation instances that may be stipulated in the terms and conditions of the Issuance or as determined by applicable regulations.*
Maturity date and early redemption:	*The Issuance is perpetual and therefore has no maturity date.* *The terms and conditions of the Issuance may include circumstances for early redemption in favour of the Issuer, all in accordance with the Solvency Regulations.*
Representation of the Securities:	*The Securities may be represented by physical certificates or book entries, as stipulated in the terms and conditions of the Issuance.*

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Ranking:

The Securities are subordinated credits with the following BBVA payment ranking in the event of bankruptcy:

(i) junior to privileged claims, claims against the insolvency estate and ordinary claims;

(ii) junior to subordinated credits and subordinated securities issued or guaranteed by BBVA, or that may be issued or guaranteed by BBVA, that rank above the Securities;

(iii) pari passu with credits and securities issued or guaranteed by BBVA, or that may be issued or guaranteed by BBVA, that rank pari passu with the Securities;

(iv) senior to the credits and securities issued or guaranteed by BBVA, or that may be issued or guaranteed by BBVA, that rank below the Securities;

(v) senior to BBVA shares.

***SECOND**. - The bases and methods of the contingent conversion of the Securities will be as follows:*

a) Conversion trigger events

The Securities will be converted into newly issued ordinary BBVA shares when the common equity tier 1 ratio of the Issuer or its consolidated group falls below 5.125%, calculated in accordance with the Solvency Regulations or with any other regulation on capital and solvency applicable to BBVA at any time.

*Similarly, the Securities may be converted into newly issued ordinary BBVA shares if the Issuer adopts any measure that results in the approval of a reduction of its share capital in the terms and conditions set out in Article 418.3 of the consolidated text of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of 2 July (the "**Corporate Enterprises Act**").*

The terms and conditions of the Issuance may set out additional whole or partial trigger events if this is required or advisable, in particular to safeguard the Issuer's solvency or so that the Securities can be considered tier 1 capital instruments.

b) Conversion Ratio

*The ratio for converting Securities into newly issued ordinary BBVA shares (the "**Conversion Ratio**") will be the quotient between the nominal unit value of the Securities (at least EUR 100,000 or its equivalent in any other currency) and the unit value linked to ordinary BBVA shares for conversion (the latter being the "**Conversion Price**").*

Consequently, the Conversion Price will be the greater of:

i) the arithmetic mean of the closing prices of the BBVA share on the specified securities market or stock exchange in the five trading sessions prior to the day on which the conversion trigger event takes place, rounded to the nearest cent and, in the case of half a cent, rounded up to the nearest cent;

*ii) the minimum conversion price set out in the terms and conditions of the Issuance, which must not be lower than EUR 3.75 or its equivalent in any other currency, notwithstanding any modifications made to this amount as a result of implementing the anti-dilution mechanism provided for in section d) below (the "**Minimum Conversion Price**"); and*

iii) the nominal value of ordinary BBVA shares at the time of conversion.

Based on the above, the Conversion Price will be equal to or higher than the market price of the BBVA share at the time the Securities are converted and may never be lower than the nominal unit value of ordinary BBVA shares at the time of conversion, so that, in any case, it will be compliant with Article 415.2 of the Corporate Enterprises Act.

The number of shares corresponding to each Securities holder after the conversion will be the result of multiplying the Conversion Ratio by the number of Securities he or she holds. If said calculation results in a fraction, this will be determined in accordance with the terms and conditions of the Issuance.

c) Conversion procedure

The conversion procedure will be determined in the terms and conditions of the Issuance.

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d) Anti-dilution mechanism

Pursuant to Article 418.2 of the Corporate Enterprises Act and in accordance with standard practice for this type of transaction, anti-dilution mechanisms will be established based on the Minimum Conversion Price, as per the terms and conditions of the Issuance.

These anti-dilution mechanisms must take into account the bases and methods of conversion described above and the requirement that the Conversion Price is never lower than the nominal value of ordinary BBVA shares at the time of conversion.

*Notwithstanding other powers that may be conferred, the Executive Committee is empowered, with express powers of substitution, with the broadest powers conferred to Luisa Gómez Bravo, with DNI (Spanish national identity document) 33509623A; José María Caballero Cobacho, with DNI 25154047M; Ignacio Echevarría Soriano, with DNI 00837871G; and María Gloria Couceiro Justo, with DNI 32828827F; all of legal age, of Spanish nationality and domiciled for the purposes herein at Calle Azul, No. 4, Madrid, Spain (the "**Proxies**"), so that any of them may, jointly or severally and indistinctly establish, develop or amend the terms and conditions of the Issuance, as well as determine or develop any matter not established by this resolution, including, but not limited to, sufficient powers to amend and/or adapt other conversion trigger events, as well as to determine other conversion trigger events in addition to those provided for in this resolution, under the terms and conditions that they deem necessary or advisable in the best interest of the Issuance.*

***THIRD**. - To validate the actions taken to carry out the request for the appointment of the independent expert / account auditor other than the Company's auditor appointed by the Mercantile Registry, for the purpose of issuing the voluntary report provided for in Articles 414, 417, 510 and 511 of the Corporate Enterprises Act.*

***FOURTH**. - Based on the report prepared by the BBVA Finance area, in accordance with the report issued by J&A Garrigues, S.L.P. and pursuant to Articles 414, 417, 510 and 511 of the Corporate Enterprises Act, approve the Directors' Report on the Issuance, which will be made available to shareholders along with the report issued by the independent expert / accounts auditor (other than the Company's auditor appointed for such purposes by the Commercial Registry) and reported to the first General Meeting held after the issuance resolution, expressly empowering the Corporate Secretary and Secretary of the Board of Directors and the Deputy Secretary to the Board of Directors to certify the text.*

***FIFTH**. - As stated in the report by the Finance area, which is reflected in the Directors' Report approved under the above resolution, corporate interest requires the exclusion of preferential subscription rights in this Issuance. Consequently, the Board of Directors, pursuant to the powers*

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conferred by the Ordinary General Shareholders' Meeting held on 20 April 2021, under agenda item five, and pursuant to Articles 417 and 511 of the Corporate Enterprises Act, hereby resolves to exclude preferential subscription rights in this Issuance.

SIXTH. *- Increase BBVA's share capital by the amount and number of shares necessary to cover the contingent conversion of the Securities, in accordance with the Conversion Ratio.*

Taking into account that the Minimum Conversion Price must not be lower than EUR 3.75 or its equivalent in any other currency, the maximum number of ordinary BBVA shares to be issued will be 400,000,000 (each currently EUR 0.49 of the nominal unit value), assuming that no anti-dilution adjustment is made that affects the Minimum Conversion Price, and expressly foreseeing the possibility of a share capital increase with an issue premium for a lower number of shares and the possibility of undersubscription.

*In the event that Securities are converted, newly issued BBVA shares that are issued to cover the conversion will be ordinary shares, of the same class and series as those that are currently in circulation, and will be represented in the same way as said ordinary shares (currently through book entries recorded by the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal ("**IBERCLEAR**" — Spanish Central Securities Depository), which performs this role together with its participating entities), granting their holders the same rights as the ordinary shares that are currently in circulation. Upon execution of this resolution to increase share capital, the corresponding article in the Bylaws will be adapted accordingly.*

In accordance with Article 304.2 of the Corporate Enterprises Act, should the Securities be converted into newly issued shares, there would be no preferential subscription rights on the resulting share capital increase.

SEVENTH. *- Under the authority conferred by the BBVA Ordinary General Shareholders' Meeting held on 20 April 2021, under agenda item five, empower the Executive Committee with express powers of sub- delegation and confer the broadest powers to the Proxies so that any of them may, jointly or severally and indistinctly, within the limits established in the above resolutions, execute the Issuance and:*

a) Determine when the Issuance should take place and even abstain from executing the Issuance if deemed necessary or advisable.

b) Determine the terms, characteristics and conditions applicable to the Issuance and Securities to be issued, including, but not limited to, the final amount of the Issuance and the nominal value of each Security, within the limits established under resolution ONE above, the currency of the Issuance, the nominal interest rate applicable to the Securities, *the interest rate accrual periods and the applicable payment procedure, the placement system and, when applicable, the effective placement rate; include new bases and methods of conversion and/or amend those that already exist, including amending the Conversion Ratio, determining the Minimum Conversion Price or determining the terms and conditions of the anti-dilution mechanism, as well as establishing any additional conversion and/or amortisation trigger events and any other terms or conditions deemed necessary or appropriate in the best interest of the Issuance, expressing the amount available in terms of the limits of the authorisation conferred to the Board of Directors by the Ordinary General Shareholders' Meeting and the amount to be made available, also authorising the Board, where appropriate, to redeem the Securities in advance, performing any procedures deemed necessary or advisable.*

c) *Declare the Distribution of the Securities, whether wholly or partially, and declare the whole or partial cancellation of the Distribution, as determined in the terms and conditions of the Issuance.*

d) *Apply, where appropriate, the anti-dilution mechanism as determined in the terms and conditions of the Issuance.*

e) *Negotiate, examine, conclude, execute, sign, grant, modify, terminate or cancel all contracts, securities, agreements and documents, whether public or private, that are necessary or deemed appropriate with regard to the Issuance (in particular, including, but not limited to, information leaflets, base prospectuses, offering circulars, information documents, supplements, supplement prospectuses, term sheets, security forms, liquidity contracts, subscription contracts, placement and/or underwriting agreements, agency agreements, requests, communications, announcements or notices, as well as any other contracts or documents relating to the Issuance), with authority to determine the legal and economic conditions for them all and to make the necessary or appropriate designations or appointments, as well as other supplementary acts that may be required or advisable to implement the resolutions.*

f) *In relation to the Issuance or Securities, appear, personally or through the representative or agent authorised in writing by any of the Proxies, before all the representatives, committees or bodies of any securities market or stock exchange, or any supervisor, regulator or registry, including, but not limited to the Spanish National Securities Market Commission (CNMV), the Securities and Exchange Commission, the Irish Stock Exchange, Euronext Dublin, the New York Stock Exchange, the AIAF Fixed-Income Market, the Alternative Fixed-Income Market, as well as any book-entry, registration, clearing and/or settlement company for securities, with authority to underwrite, issue, sign, grant, modify, resolve and cancel any contracts, certificates and documents as deemed necessary or appropriate, in the manner in which any of the Proxies deems necessary or advisable in order to comply with the applicable requirements imposed at any time by each supervisor, regulator, registry, securities exchange or market or securities registration, clearing and/or* *settlement companies, including, but not limited to, DTC or IBERCLEAR, as deemed necessary or advisable in the best interest of the Issuance.*

g) *Request or communicate, where applicable, the eligibility of the Securities as additional tier 1 capital (AT1), or any other applicable category, in accordance with the regulations in force at any given time.*

h) *Authorise and underwrite any public or private documents as required, with authority to appear before a notary public, raise these resolutions to public, authorise all notary deeds and acts considered necessary by the Proxies, including deeds of issue, rectification, clarification, correction or cancelation, those for whole or partial Issuance subscription and those for whole or partial amortisation or modification and, where appropriate, authorise any other public or private documents that may be necessary or advisable in relation to the Issuance, and complete all relevant procedures, with the possibility of acting through agents and/or representatives, to achieve their registration at the Commercial Registry, when required. Where applicable and if required, draft the declaration referred to in Article 318 of the Regulations of the Commercial Registry or any other rule amending or superseding it.*

i) *Set up, if necessary, the syndicate of bondholders for the Issuance and appoint its commissioner or, if deemed necessary or advisable, establish the mechanisms for the collective association or organisation and/or representation and protection of Securities holders, including the determination of their characteristics and operating rules, and, where appropriate, the appointment of their representatives and the rules that are to govern the relationships between the Company and said holders, all in accordance with the terms and conditions deemed necessary or advisable, and convening on behalf of BBVA any meetings when deemed necessary or convenient.*

j) *Establish all other terms not determined by this Board of Directors relating to the Issuance, including any modifications if necessary or advisable, and determine any other aspect of the Issuance or implement any other measures deemed necessary or appropriate in relation to the above powers, authorising any private or public documents deemed necessary or advisable for this purpose.*

k) *With regard to the contingent conversion of the Securities into newly issued ordinary BBVA shares, where appropriate, establish the Conversion Price and, where applicable, the premium, the Minimum Conversion Price and the definitive Conversion Ratio of the Issuance, determine the number of shares by which BBVA's capital is to be increased, declaring undersubscription in such an event, and perform necessary acts, including, but not limited to, authorising any public or private documents that may be necessary to implement the share capital increase and amend, if applicable, the wording of the corresponding article in the Bylaws to adapt it to the new share capital figure, with authority to appear for such purposes before any public or private bodies, including, but not limited* *to, a notary public or the Commercial Registry, and authorise any deeds considered necessary or advisable for this purpose.*

l) Request, where appropriate, the admission to trading or listing of the Securities and/or ordinary BBVA shares issued to cover the contingent conversion of the Securities, if applicable, on regulated or non-regulated, organised or non-organised secondary markets, Spanish or foreign multilateral trading systems, including, but not limited to the Irish Stock Exchange, Euronext Dublin, the New York Stock Exchange, the AIAF Fixed-Income Market, the Alternative Fixed-Income Market, the Spanish securities markets, the London Stock Exchange or the Bolsa Mexicana de Valores and carry out any procedures or actions deemed necessary or advisable in any jurisdiction where the Securities and/or the newly issued BBVA shares to cover the contingent conversion of the Securities are offered or traded or requested to trade. Without limitation:

(i) Draft, approve, formulate, file, underwrite and sign any documents, contracts, prospectuses, information documents, requests, communications, certificates or notifications deemed necessary or advisable for these purposes and grant their subsequent amendment where appropriate.

(ii) Take any necessary actions before competent authorities in each jurisdiction and approve and formalise any public or private documents as may be necessary or advisable for the full effectiveness of the resolutions, in any aspects or content.

To conclude, and for the purpose of the applicable regulations on the issuance of securities, it is hereby resolved to appoint the Proxies as representatives of the Company, jointly and severally, before any public or private body. They will take responsibility for the content of the prospectuses of issue, information documents or any other similar documents, where applicable, and are similarly authorised to sign any additional public or private contracts and documents that are deemed necessary or advisable in the best interest of the Issuance."

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BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

Independent Expert Report

Special report regarding the issuance of perpetual securities contingently convertible into shares with the exclusion of the preferential subscription right in the case of articles 414, 417, 510 and 511 of the Consolidated Text of the Corporate Enterprises Act

File 51/2024 of the Bizkaia Commercial Register

Bilbao, 15th October 2024

This document is a translation of an original text in Spanish.
In the event of any discrepancy or inconsistency between both texts, the Spanish version will prevail.

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Special report regarding the issuance of perpetual securities contingently convertible into shares with the exclusion of the preferential subscription right in the case of articles 414, 417, 510 and 511 of the Consolidated Text of the Corporate Enterprises Act

To the General Shareholders' Meeting of
BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

1. Introduction

Pursuant to the provisions of Articles 414, 417, 510 and 511 of the Consolidated Text of the Corporate Enterprises Act (hereinafter "Corporate Enterprises Act" or "CEA"), and in accordance with the engagement received from **BANCO BILBAO VIZCAYA ARGENTARIA, S.A.** (hereinafter "BBVA", "the Bank" or "the Entity"), by appointment of the Commercial Registrar of Bizkaia, Ms. María Begoña Ruiz Alutiz, corresponding to file number 51/2024, we issue this Special Report on the issuance of perpetual securities contingently convertible into ordinary shares of BBVA, excluding the preferential subscription right (hereinafter the "Report"), pursuant to the authorization and therefore the delegation granted by the Ordinary General Shareholders' Meeting of the Bank on April 20, 2021 in favour of the Board of Directors.

2. Background and purpose of our work

BANCO BILBAO VIZCAYA ARGENTARIA, S.A. is a Spanish company under private law, subject to the rules and regulations of banking entities operating in Spain, domiciled in Bilbao. The Bank's shares are listed on the Continuous Market of the Spanish Stock Exchanges, as well as on other international markets. In addition to the operations carried out directly by the Bank, the Entity is the head of a group of subsidiaries, which are engaged in various activities, and which together constitute the Banco Bilbao Vizcaya Argentaria Group (hereinafter the "Group" or the "BBVA Group"). All the shares of the Bank have the same voting and economic rights, and there are no different voting rights for any shareholder. In accordance with the information and documentation received, pursuant to the delegation conferred by the Ordinary General Shareholders' Meeting of the Bank held on April 20, 2021, the Board of Directors has adopted the resolution to carry out a fourth Issuance perpetual securities contingently convertible into newly issued shares of BBVA (hereinafter also the "Securities") for a maximum nominal amount of ONE THOUSAND FIVE HUNDRED MILLION EUROS (1,500,000,000 EUROS), or its equivalent in any other currency (hereinafter the "Issuance"), with the possibility of incomplete subscription, excluding the preferential subscription right and on a perpetual basis.

According to the information obtained, the Issuance will be carried out in accordance with the terms and conditions set forth in the Directors' Report approved by the Board of Directors of BBVA at the meeting held on September 25, 2024 (hereinafter the "Directors' Report"), which justifies the proposal and the type of conversion into shares of the securities to be issued, as well as the justification for the suppression of the preferential rights of the Bank's shareholders. The Directors' Report is attached to this Report as Annex.

The purpose of our work is in no case to certify the issue or conversion price of the securities.

The objectives of our work are exclusively the following:

- State whether the attached Directors' Report contains the minimum information required, which includes the explanation of the basis and methods of the conversion corresponding to the Securities to be issued.

- To issue a technical judgment, as independent experts, on the reasonableness of the data contained in the attached Directors' Report relating to the issuance of the perpetual securities that may be convertible with exclusion of the preferential subscription right, and on the appropriateness of the conversion ratio thereof and, where applicable, the adjustment formulas to compensate any possible dilution of the economic participation of the shareholders, all in accordance with the provisions of article 417 of the Corporate Enterprises Act.

3. Characteristics of the Issuance

The maximum amount of the Issuance is 1,500,000,000 euros, or its equivalent in any other currency, and will consist of securities with a minimum unit par value of 100,000 euros, or its equivalent in any other currency, and all belonging to a single series, expressly providing for the possibility of incomplete subscription, and suppressing the preferential subscription right. The characteristics of the Issuance allow it to be considered a Tier 1 capital instrument.

The Issuance is perpetual in nature, with no maturity date, and will entitle its holders to a non-cumulative remuneration which will be determined based on the interest rate applicable to the par value of the Securities and which will be payable provided that all other conditions established in the terms and conditions of the Issuance are met.

However, the issuer may cancel, at its discretion, when it deems it necessary, the payment of the remuneration for an indefinite period, without cumulative effect, without prejudice to other events that may be established in the terms and conditions of the issuance.

The terms and conditions of the Issuance may include cases of total or partial early repayment in favour of the issuer, all in accordance with the Solvency Regulations in force.

On the other hand, the Securities are contractually subordinated credits, corresponding consequently to them the order of priority resulting according to the provisions of the fourteenth additional provision of Law 11/2015, of June 18, on the recovery and resolution of credit institutions and investment services companies.

The Issuance will be aimed exclusively at professional clients and eligible counterparties, excluding in any case retail investors and clients. This type of Securities cannot be addressed to all types of investors, as stated by the Spanish Stock Exchange Commission (Comisión Nacional del Mercado de Valores – CNMV) in the second rule of Circular 1/2018, of March 12, on warnings regarding financial instruments, where it establishes that the instruments eligible as additional tier 1 capital are products that, due to their special complexity, are not suitable for retail clients.

Likewise, in accordance with article 208.3 of Law/2023, of March 17, on Securities Markets and Investment Services, in its section c), those debt instruments that in turn are eligible liabilities for internal recapitalization in accordance with the provisions of Section 4 of Chapter VI of Law 11/2015, of June 18, as is the case of the issued Securities, are classified as complex instruments.

4. Evaluation of the conversion ratio and its adjustment formulas

As stated in the Directors' Report, the conversion rate of the perpetual securities convertible into BBVA shares is variable. Thus, the conversion ratio will fluctuate according to the market value of the Bank's shares, establishing, however, a maximum limit on the number of shares to be delivered in the conversion.

The bases and methods of the conversion will essentially be as follows:

4.1. Eventual conversion of the Securities into shares

The Securities will be converted into newly issued ordinary BBVA shares in the event that the Common Equity Tier 1 Ratio (“CET1”) of the issuer or its consolidated group falls below 5.125%, calculated in accordance with the Solvency Regulations or any other regulation applicable to the Bank at any time.

In addition, the Securities may also be converted into newly issued ordinary shares of BBVA if the issuer adopts any measure that results in the approval of a reduction of its share capital under the terms set forth in article 418.3 of the Corporate Enterprises Act.

The terms and conditions of the Issuance may, however, set up additional whole or partial trigger events if this is necessary or advisable, in particular to safeguard the issuer's solvency or so that the Securities may be considered as Tier 1 capital instruments.

4.2. Eventual conversion ratio of the Securities into shares

As indicated in the Directors' Report, the conversion ratio of the Securities into BBVA common shares will be the ratio resulting from the quotient between their unit par value (which will be at least 100,000 euros or its equivalent in any other currency) and the unit value attributed to the BBVA common shares for conversion purposes (the “Conversion Price”).

The Conversion Price will be the higher of:

a) The arithmetic mean of the closing prices of the BBVA share on the stock exchange or securities market to be determined, corresponding to the five trading days prior to the day on which the conversion event occurs, rounded to the nearest euro cent and, in the case of half a cent, to the next higher euro cent.

b) The minimum conversion price established in the terms and conditions of the Issuance may not be less than 3.75 euros, or its equivalent in any other currency, notwithstanding any modifications made to this amount as a result of implementing the anti-dilution mechanism provided for in the terms and conditions of the Issuance (the “Minimum Conversion Price”).

c) The par value of the ordinary shares of BBVA at the time of conversion, pursuant to Article 415.2 of the Corporate Enterprises Act.

Therefore, the number of shares corresponding to each holder of the Securities as a result of the conversion will be the result of multiplying the conversion ratio by the number of Securities owned. If said calculation results in a fraction, this will be determined in accordance with the terms and conditions of the Issuance.

In accordance with the foregoing, the Conversion Price proposed by the Directors shall correspond, at least, to the fair value of the shares of the Entity on the date of conversion.

The price per share at the close of 14th October 2024 was 9,40 euros and the average price per share for the 3-month period ended 14th October 2024 was 9,4265 euros.

Since the conversion ratio proposed by the Directors is variable, it is appropriate and does not generate a dilutive effect on the Bank's shareholders for the reasons explained below:

- In the event of conversion, a conversion ratio is established that is variable based on the Bank's share price, calculated, for a given date, as the arithmetic mean of the closing prices of the BBVA share in the five business days immediately prior to the aforementioned date, so that the issue price of the shares that, if applicable, are issued as a result of the conversion corresponds to the market value of the BBVA share at the time of conversion. Therefore, the shares would be converted at their fair value, so that there would be no economic dilution for the Bank's shareholders.

- Finally, the conversion mechanism established contains a Minimum Conversion Price of 3.75 euros, which, by definition, would, if applicable, be higher than the market value of the shares at the time of conversion, so that the economic impact on shareholders in this case would be positive. This Minimum Conversion Price will be adjusted, if necessary, in application of the usual anti-dilution clauses in issues of convertible securities but may not be lower than the nominal value of the share at the time of conversion (currently 0.49 euros). Consequently, none of the alternatives envisaged will have a negative economic effect on the possible dilution of the Bank's shareholders.

Considering the foregoing, the theoretical value of the preferential subscription rights whose exercise is proposed to be suppressed would be zero, given that the Conversion Price would correspond, at least, to the fair value of the BBVA shares on the conversion date.

In addition to the above, it should be noted that as of June 30, 2024, according to the information included in the Management Report accompanying the audited Financial Statements as of that date, the phased-in and fully-loaded Common Equity Tier 1 (CET1) ratios were both 12.75%. Therefore, and considering that the CET1 ratio would have to be lower than 5.125% for the eventual conversion of the Securities to take place, it is probable that such conversion will not take place.

5. Procedures applied in our work

As mentioned in section 2. above, the purpose of our work is not to certify the issue or conversion price of the bonds, nor to verify compliance with any other legal or formal obligation (approvals, submission of documents, advertising, deadlines, etc.) other than those set out in the aforementioned articles.

In accordance with the objectives of our intervention, we have analysed the following documents and carried out the following checks:

a) Obtaining the document requesting the appointment of an independent expert submitted to the Bizkaia Commercial Registry by BBVA.

b) Obtaining and analysing the resolution of the Bank's Ordinary General Shareholders' Meeting of 20th April 2021 in relation to the delegation to the Bank's Board of Directors of the power to issue securities convertible into Bank shares and to exclude preferential subscription rights and verifying the validity of its content.

c) Obtaining the report drawn up by the directors of **BANCO BILBAO VIZCAYA ARGENTARIA, S.A.**, explaining the bases and modalities of the conversion and the justification for excluding preferential subscription right, dated 25th September 2024, attached as Annex to this report.

d) Obtaining and analysing the Report from the Bank's Finance Area containing the terms and conditions of the issue and conversion of the perpetual securities convertible into BBVA shares, excluding the preferential subscription right.

e) Obtaining and analysing other financial and legal reports issued by the Bank's advisers in connection with the proposed transaction.

f) Obtaining and analysing the following financial statements:

- The individual and consolidated annual accounts together with the auditors' report of **BANCO BILBAO VIZCAYA ARGENTARIA, S.A.** and companies comprising the BBVA Group for the year ended 31 December 2023.

- Audit report condensed interim consolidated financial statements and interim consolidated management report for the first half of the financial year 2024.

- Both audit reports, issued by its auditor on 9th February 2024 and 30th July 2024 respectively, present an unqualified opinion.

g) Verification that the Directors' Report on the issue of perpetual securities convertible into new BBVA shares, excluding preferential subscription rights, contains the information deemed necessary and sufficient for proper interpretation and understanding by those to whom it is addressed, in accordance with articles 414 and 417 of the CEA.

h) Verification of the calculations and valuation methods used by the BBVA Directors in determining the bases and methods of conversion of the convertible securities into BBVA shares.

i) Verification that, according to the Directors' Report, the issue price of the possibly convertible perpetual securities is not below their par value, and that the price at which they are to be converted into shares (the Conversion Price) is not below the par value of the shares for which they are to be converted.

j) Assessment of the reasonableness of the data contained in the Directors' Report to justify the issue of the securities and the reasons and documentation provided to justify the suppression of the preferential subscription right.

k) Verification that the accounting information contained, if any, in the Directors' Report is consistent with the information contained in the latest audited consolidated annual accounts of year 2023 and/or financial statements as of 30th June 2024 of BBVA.

l) Reading of the resolutions adopted by the General Meeting of Shareholders and of the available minutes of the Board of Directors meetings held since 1st January 2024 and up to the date of issue of this report.

m) Holding various meetings and conversations, via e-mail, telephone calls or video calls, with the Bank's management in order to obtain information in relation to the issues that have been raised or that may be of interest for the purpose of our work.

n) Study of the evolution of the listed price of the Bank's shares and determination of the average listed price of these shares during the last representative trading period prior to the date of this Special Report (the last quarter) and the last available share price prior to that date, also considering the frequency and volume of trading during the periods under analysis.

o) Analysis of the Significant Events reported by the Bank to the Spanish Stock Exchange Commission, the CNMV, during the financial year 2024 up to the date of this report.

p) Assessment of the suitability of the conversion ratio and, if applicable, of its adjustment formulae, to compensate for any possible dilution of the economic participation of shareholders.

q) Analysis of significant subsequent events occurring after the last audited financial statements of **BANCO BILBAO VIZCAYA ARGENTARIA, S.A.** as of 30th June 2024, and up to the date of this report, which could significantly affect the issue of perpetual securities convertible into BBVA shares.

r) Obtaining a letter of representation signed by the Bank's Management with sufficient powers to represent **BANCO BILBAO VIZCAYA ARGENTARIA, S.A.** stating and confirming that they have provided us with all the information necessary for the preparation of our Special Report, that they have brought to our attention all the relevant hypotheses, data or information, and that no subsequent events have occurred up to the date of our Special Report that have not been brought to our attention and that could have a significant effect on the conclusions of our work.

6. Relevant aspects to consider in the interpretation of the results of our work

For a correct interpretation of the results and conclusions of our work, we highlight the following relevant aspects:

- Both the interpretation of the requirements of articles 414, 417, 510 and 511 of the CAE, as well as the opinions expressed in this report, involve, in addition to objective factors, other subjective factors that imply judgment and, therefore, it is not possible to assure that third parties necessarily agree with the interpretation and judgments expressed in this report.

- The information necessary for our work has been provided to us by BBVA management and its advisors or has been obtained from publicly available sources.

- In relation to information obtained from public sources, it has not been part of our work to test such information against external evidence, although we have, to the extent possible, verified that the information presented is consistent with other data obtained during the course of our work.

- In the course of our work, we have performed tests and made judgments about the information contained in the Directors' Report and applied working assumptions, the fulfilment of which depends, to a large extent, on future events, the outcome of which cannot be known at the present time.

- We are under no obligation to update our report because of events that may occur after the date of issue. The contents of this report are to be understood as referring to all information received on events that occurred prior to the date of this report.

- We assume that all authorizations and registrations, if any, that may be necessary for the effectiveness of the transaction and that could affect our work, will be obtained without any adverse effect on the objective of the transaction under analysis by us.

- We must emphasize that our work is of an independent nature and therefore does not imply any recommendation to the Entity's management, its shareholders or third parties in relation to the position they should take in relation to the described transaction or other potential transactions. Our work is not intended to analyse the appropriateness of the Bank's current or past business strategies or the reasons for the proposed transaction in relation to other business strategies or alternative transactions for which the Bank could have opted, nor to analyse the business decision to proceed with the proposed transaction.

7. Conclusions

In accordance with the work carried out with the scope described in the preceding paragraphs, and subject to the relevant aspects to be considered in the interpretation of the results of our work, all with the exclusive purpose of complying with the requirements established in articles 414, 417, 510 and 511 of the CEA, it is our professional opinion that:

- The Report prepared by the Directors of **BANCO BILBAO VIZCAYA ARGENTARIA, S.A.**, on the issue of perpetual securities eventually convertible into shares of the Bank, excluding the right of preferential subscription, contains the information required by articles 414, and 417 of the Consolidated Text of the Corporate Enterprises Act.

- The data contained in the aforementioned Directors' Report to justify the exclusion of the preferential right are reasonable, as they are adequately documented and outlined.

- The conversion ratio of the perpetual securities eventually convertible into shares of **BANCO BILBAO VIZCAYA ARGENTARIA, S.A.**, excluding the preferential subscription right, and its adjustment formulas are suitable to compensate for a possible dilution of the economic participation of the shareholders, the theoretical value of the preferential subscription right associated with said securities being zero, at the date of the report, taking into account the characteristics and context of the proposed issue.

This Special Report has been prepared solely for the purposes set forth in Articles 414, 417, 510 and 511 of the Corporate Enterprises Act, and should not be used for any other purpose.

Our conclusion must be interpreted within the context of the scope of our verifications, and no liability may arise from it other than that related to the scope of our opinion.

Bilbao, 15th October 2024

Forvis Mazars Auditores, S.L.P.

(signed in the original in Spanish)

Alberto Martínez　　　　　　José Luis Bueno

Annex

Directors' Report regarding the Issuance of preferred securities contingently convertible into shares, excluding preferential subscription rights.

Directors' Report

Issuance of preferred securities contingently convertible into shares excluding preferential subscription rights

25 September 2024

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1. Introduction

1.1. Purpose of the report

This report was drafted by the Board of Directors of BANCO BILBAO VIZCAYA ARGENTARIA, S.A. ("**BBVA**", the "**Bank**" or the "**Issuer**") pursuant to Articles 414, 417, 510 and 511 of the consolidated text of the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital*), approved by Royal Legislative Decree 1/2010, of 2 July, in its current draft ("**Corporate Enterprises Act**"), in relation to the resolution to issue preferred securities contingent convertible into newly issued BBVA ordinary shares, which are issued in accordance with the stipulations of the first additional provision of Act 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions ("**Act 10/2014**"), and Regulation (EU) 575/2013 of the European Parliament and of the Council, of 26 June 2013, on prudential requirements for credit institutions ("**CRR**") applicable at the time of issuance, so that they may be considered to be additional tier 1 capital instruments ("**Securities**"), for a maximum nominal amount of EUR 1.5 billion, or the equivalent in any other currency, excluding preferential subscription rights ("**Issuance**") and the corresponding increase in share capital to cover the contingent conversion of the Securities, if applicable.

This resolution is adopted pursuant to the authority conferred by the Ordinary General Shareholders' Meeting of BBVA of 20 April 2021 under agenda item five.

1.2. Advisory services received

This report is issued based on (i) the report issued by the BBVA Finance area, which is in turn supported by the report prepared by HSBC Continental Europe, a top-tier investment bank with recognised expertise in this type of issuances and (ii) the legal report from J&A Garrigues, S.L.P., an external legal advisor on Spanish issuance law.

2. Issuance of the Securities

2.1 Delegation by the General Meeting

The BBVA Ordinary General Shareholders' Meeting held on 20 April 2021, adopted under agenda item five and under the terms and conditions set forth in the aforementioned resolution to confer authority on the Board of Directors of the Bank with express powers of sub-delegation, to issue securities convertible into newly issued BBVA ordinary shares whose conversion is contingent and envisaged to meet regulatory requirements for its eligibility as capital instruments ("Contingent Convertible Issues - CoCos"), pursuant to solvency regulations applicable at any time. The Board of Directors may make issues on one or several occasions within a period of five years from its approval and up to the maximum overall amount of eight billion euros (€8,000,000,000), or the equivalent in any other currency, delegating in turn the power to exclude the preemptive subscription right of such securities issues, as well as the power to increase the Bank's share capital by the necessary amount and to amend the corresponding article of the Company's bylaws.

2.2 Regulatory environment and capital requirements

As a Spanish credit institution, the Bank is subject to the solvency and equity framework defined mainly by CRR and by Directive 2013/36/EU of the European Parliament and of the Council, of 26 June 2013, on access to the activity of credit institutions and the prudential supervision of credit institutions ("**Directive 2013/36/EU**", and together with CRR, the "**Solvency Regulations**").

This Solvency Regulations provides for the possibility that credit institutions have different capital instruments to effectively cover the different categories of regulatory capital that comprise their capital requirement in certain proportions, according to the composition and size of their balance sheets.

In this regard, the Solvency Regulations sets out, among other provisions, a minimum capital requirement ("**Pillar 1**") and increases the required level of capital through the "combined capital buffer requirement", which must be fulfilled with Common Equity Tier 1 ("**CET1**") capital in addition to the CET1 set out for compliance with Pillar 1.

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Moreover, the European Central Bank ("**ECB**") establishes specific prudential capital requirements applicable to each credit institution ("**Pillar 2**") in the framework of the Supervisory Review and Evaluation Process ("**SREP**"). In all, these establish higher levels of capital than those for the minimum capital requirement of "Pillar 1" and the "combined capital buffer requirement" provided for in the Solvency Regulations.

As a result of the latest SREP carried out by the ECB, and taking into consideration that banks may partially use additional tier1 capital ("**AT1**") and Tier 2 capital instruments in order to fulfil the abovementioned Pillar 2 requirement, the Bank must maintain, at a consolidated level, a CET1 ratio of 9.13%, a Tier 1 ratio of 10.91%, which includes the CET1 requirement and of which 1.78% may be covered by AT1 instruments, and a total capital ratio of 13.29%, which includes the Tier 1 requirement and of which 2.38% may be covered by Tier 2 instruments.

According to the information available as of 30 June 2024, the Bank maintains on a consolidated basis a CET1 ratio of 12.75%, a Tier 1 ratio of 14.30%, which includes an AT1 level of 1.54% and a total capital ratio of 16.77%, which includes a Tier 2 level of 2.47%. These ratios are above the capital requirements applicable to the Bank.

Nevertheless, the supervisor may implement additional capital buffers to those currently applicable, while the current Pillar 2 requirements will be reviewed periodically based on the conclusions drawn by the ECB in subsequent SREPs, and may be replaced with greater Pillar 2 capital requirements. In light of the foregoing, BBVA must maintain an adequate capital management buffer.

Likewise, the Bank, as a Spanish financial institution, must maintain a minimum volume of own funds and eligible liabilities, known as the regulatory MREL requirement. In addition, a subordination requirement is also established, which obliges entities to meet part of their MREL requirement with a minimum percentage of subordinated instruments. In this regard, it should be noted that instruments eligible under CRR, such as the Securities, will be "eligible" for the purposes of both the MREL requirement and the aforementioned subordination requirement and will serve to strengthen the leverage ratio, thus facilitating the Bank's compliance with its regulatory requirements.

2.3 Reasons for the Issuance

As already mentioned above, the Solvency Regulations provides to credit entities the possibility of using AT1 and Tier 2 capital instruments in certain ratios to comply with their own funds requirements, using in their absence CET1 instruments, which would be more burdensome and less efficient. Therefore, it is proposed to make the Issuance in order to allow the Bank to comply with its own funds requirements efficiently, as its cost is lower than the cost associated with CET1 instruments.

Additionally, and even though BBVA already complies with all of its capital requirements, it is proposed to make the Issuance in order to maintain adequate management margins, above the requirements applicable from time to time, thus managing the Bank's compliance with its MREL requirement and the subordination requirement mentioned in the previous section.

This type of issuances are recurrent and frequent for credit institutions, which have been carrying out numerous of these kind transactions in all world markets since, in 2013, BBVA carried out the first issuance of these characteristics to comply with Solvency Regulations in order to be able to efficiently meet its AT1 needs.

The Issuance will also allow a prospective and orderly management of market expectations as well as of the early redemption options of the AT1 issuances of the Bank currently outstanding, guaranteeing at all times the compliance with its solvency requirements in an efficient manner and taking advantage, eventually, of the market circumstances existing at any given time (notwithstanding the fact that the relevant rate situations for the purpose of determining the suitability of the early redemption of each issue are those existing at the date of exercising such early redemption or maturity options), to preserve the Bank's capital and to manage the regulatory deadlines required by the applicable regulations.

In particular, if BBVA exercises the early redemption option on instruments that currently qualify as AT1 of the Bank on an individual and consolidated basis, it would be appropriate to issue an instrument that could also qualify, at least, as AT1, in order to preserve the Bank's capital position in the most efficient manner possible and to manage the regulatory deadlines required by the applicable regulations.

Therefore, it is advisable to have a prior authorisation to make a new issuance of AT1 instruments and therefore take advantage of situations in economic and market conditions that are considered appropriate, providing the Bank with the flexibility to execute the Issuance at the moments it deems timely.

2.4 Financial conditions of the Issuance

The maximum nominal value of the Issuance is EUR 1,5 billion (or its equivalent in any other currency), with a nominal value of at least EUR 100,000 per Security (or its equivalent in any other currency).

For the purpose of eligibility as AT1, the Securities must have the characteristics set out in the Solvency Regulations, including, inter alia, those stated in section 3.1 below.

The investor may receive distributions, which will be determined in the final terms and conditions of the Issuance and will be aligned with market prices for this type of instruments at the time of issuance. In this regard, as indicated in the Finance area's report, Securities are expected to be placed through a book-building procedure collectively addressed to the institutional market, through which the price of the Issuance will be determined by reference to the market offers received (investment banks advising the transaction will carry out dissemination and promotional activities, receiving thereafter offers detailing the price and amount that each investor would be willing to subscribe the Securities). This process is generally accepted as the most suitable to ensure that the issuance price matches with the market price.

As provided for in the Solvency Regulations, payment of the distributions will be conditional, among other factors, on the Issuer having distributable items (as defined in article 4 of CRR), which will be described in detail in the terms and conditions of the Issuance.

Nevertheless, the Issuer will have full discretion at all times to fully or partially cancel the payment of the distributions on the Securities for an unlimited period and on a non-cumulative basis, and such cancellation will not restrict the Issuer's ability to fulfil its other obligations in any way.

2.5 Bases and methods of conversion

According to the proposal submitted by the Bank's Finance area, the bases and methods of conversion of the Securities will essentially be as follows:

Conversion trigger events

The Securities will be converted into newly issued ordinary BBVA shares when the CET1 ratio of the Issuer or its consolidated group falls below 5.125 %, calculated in accordance with the Solvency Regulations or with any other regulation applicable to BBVA at any time.

The Securities may also be converted into newly-issued ordinary BBVA shares if the Issuer adopts any measure whose consequence is the approval of a share capital reduction in the terms and conditions set out in article 418.3 of the Corporate Enterprises Act.

The terms and conditions of the Issuance may set out additional whole or partial trigger events if this is necessary or advisable, to safeguard the Issuer's solvency or so that the Securities can be considered AT1.

Conversion ratio

The ratio for converting Securities into newly issued ordinary BBVA shares (the "**Conversion Ratio**") will be the quotient between the nominal unit value of the Securities (at least EUR 100,000 or its equivalent in any other currency) and the unit value linked to ordinary BBVA shares for conversion (the "**Conversion Price**").

$$Conv_{Ratio} = Nom_{convertible} / Sh_{P}$$

where:

- $Conv_{Ratio}$: Conversion Ratio
- $Nom_{convertible}$: Nominal Value of the convertible item
- Sh_{P}: Conversion Price

Consequently, the Conversion Price will be the greater of the following:

(i) the arithmetic mean of the closing prices of the BBVA share, on the specified stock exchange or securities market, in the five trading sessions prior to the conversion event, rounded to the nearest cent and, in the case of half a cent, up to the nearest cent;

(ii) the minimum conversion price set out in the terms and conditions of the Issuance, which cannot be lower than EUR 3.75 or its equivalent in any other currency, notwithstanding any modifications made to this amount as a result of implementing the anti-dilution mechanism provided for in the following section (the "**Minimum Conversion Price**"); and

(iii) the nominal value of ordinary BBVA shares at the time of conversion.

Based on the above, the Conversion Price will be equal to or higher than the market price of the BBVA share at the time the Securities are converted and may never be lower than the nominal unit value of ordinary BBVA shares at the time of conversion, so that, in any case, it will be compliant with Article 415.2 of the Corporate Enterprises Act.

The number of shares corresponding to each Securities holder after the conversion will be the result of multiplying the Conversion Ratio by the number of Securities he or she holds. If said calculation results in a fraction, this will be determined in accordance with the terms and conditions of the Issuance.

Anti-dilution mechanism

Pursuant to article 418.2 of the Corporate Enterprises Act, anti-dilution mechanisms will be established on the Minimum Conversion Price in line with market practice in this type of transactions, in compliance with the terms and conditions of the Issuance.

These anti-dilution mechanisms must take into account the conversion terms and methods determined above and the fact that the Conversion Price must never be less than the nominal value of ordinary BBVA shares at the time of conversion.

2.6 Share capital increase

In accordance with Article 414 of the Corporate Enterprises Act, when the resolution to issue Securities is adopted, it must also be resolved to increase the share capital by the amount necessary for the Securities to be converted. The maximum number of BBVA shares to be issued to cover the conversion of the Securities will therefore be determined by the quotient between the total nominal value of the Issuance and the Conversion Price.

This share capital increase will, if necessary, be executed in order to cover the potential conversion of the Securities by issuing new ordinary shares of equal nominal value, of the same class and series, and with the same rights as ordinary BBVA shares that are in circulation on the date on which the increase takes place. Should the share capital increase be executed, the corresponding article in the Company Bylaws will be reworded to adapt it to the new figure for share capital.

It is not currently possible to determine the exact value of the share capital that will be required to cover the potential future conversion of the Securities, as it will depend on the definitive nominal value of the Issuance and the Conversion Price, to be determined based on the bases and methods of conversion.

However, taking into account that the Issuance has a maximum nominal value of EUR 1,5 billion (or its equivalent in any other currency) and that the Conversion Price may not be lower than EUR 3.75 (or the equivalent in any other currency), and assuming that no anti-dilution adjustment is made prior to the date on which the Securities are converted, the maximum number of new ordinary shares that must be issued is 400,000,000.

In accordance with Article 304.2 of the Corporate Enterprises Act, should the Securities be converted, there would be no preferential subscription rights on the resulting share capital increase.

3. Exclusion of preferential subscription rights

3.1 Grounds for the exclusion of preferential subscription rights

As indicated above, the BBVA Ordinary General Shareholders' Meeting held on 20 April 2021, resolved, under agenda item five, to delegate to the Board of Directors the authority to issue securities convertible into shares and to increase the share capital. It also resolved to confer on the Board of Directors the authority to waive preemptive subscription rights over the convertible securities issuances covered by such delegation.

To such end, when convening the aforementioned General Shareholders' Meeting, the Board of Directors approved and gave shareholders access to a report explaining the grounds of the proposal to delegate the power to waive preemptive subscription rights, in accordance with articles 417 and 511 of the Corporate Enterprises Act.

However, for the purpose of waiving preferential subscription rights for the issuance of convertible bonds, Articles 417 and 511 of the Corporate Enterprises Act require, among other matters, that this be in the company's best interest.

BBVA's Board of Directors, by virtue of said General Shareholders' Meeting's authorisation and based on the report issued by the Finance area of BBVA—which is in turn supported by the report prepared by HSBC Continental Europe—and on the legal report from J&A Garrigues, S.L.P. as an external legal advisor helping BBVA in the legal design of this transaction, has resolved to waive preferential subscription rights relating to Issuance, as it deems such exclusion to be fully substantiated, in compliance with the requirements established by the applicable law and regulations and necessary to achieve the corporate interest, as explained below.

In accordance with section 2.3, the approval of the Issuance will provide prior authorization for a new AT1 issuance and therefore the possibility to take advantage of situations deemed appropriate in economic and market terms, providing the Bank with the flexibility to carry out the Issuance at the moment deemed timely.

In order to qualify as AT1 in accordance with Solvency Regulations, the Securities must include, among others, the following characteristics:

(i) be perpetual;

(ii) be ranked below Tier 2 instruments in the event of the insolvency of the institution;

(iii) their distributions are only paid out of distributable items and the institution has full discretion at all times to cancel the distributions on the instruments for an unlimited period and on a non-cumulative basis, without restriction to meet the rest of its obligations; and

(iv) they include a mechanism for contingent conversion into entity shares when the trigger event set out in said regulation occurs (as described in section 2.5 above) and thus they are able to effectively absorb losses in a context of solvency stress of the issuer. Nevertheless, this contingent trigger event would only occur when the ratio CET1 of the issuer or its consolidated group falls below 5.125 %.

Moreover, according to the provisions of Article 208.3 c) of the Law 6/2023, of 17 March, on Securities Markets and Investment Services, any debt instruments which in turn are eligible liabilities for internal recapitalisation (bail-in) in the event of resolution of the issuer (as would be the case of the Securities), are considered complex instruments.

The characteristics described, which are required by the Solvency Regulations as well as this type of instruments being considered complex, mean that the Securities are currently a product that cannot be targeted towards all types of investors, especially retail clients, which form a significant portion of the BBVA shareholders. Not excluding preferential subscription rights would therefore entail offering a product that does not fit the investment profile of all of the Bank's shareholders, which could compromise the Issuance's viability.

In this regard, the Spanish National Securities Market Commission stated through its Circular 1/2018 of 12 March on warnings relating to financial instruments, that instruments eligible as additional Tier 1 capital (as is the case of the Securities) are products that, due to their particular complexity, are not suitable for retail clients.

Therefore, in order to directly allocate the Issuance to professional clients and eligible counterparties (who are also those who usually subscribe to this type of instrument, as was the case for AT1 issued by the Bank to date), and to not compromise the transaction, it is necessary that the preferential subscription rights are excluded for BBVA shareholders.

The combination of the aforementioned factors (the characteristics of the securities, and the Issuance recipients) means that the Finance area has suggested, as the most suitable alternative to corporate interest, carrying out the Issuance at market price, targeting the Securities solely at professional clients and eligible counterparties, as they are the appropriate group to subscribe to this type of instrument. Consequently, the most suitable alternative to satisfy corporate interest and provide a whole and joint solution to the matters at hand is to resolve to issue Securities excluding preferential subscription rights.

The following circumstances should also be taken into account:

(i) The nature of the Securities is that of a perpetual fixed-income instrument, whose contingent convertibility is required by the Solvency Regulations for their eligibility as AT1 capital, but which is only foreseen for very specific cases of a regulatory capital shortfall. In this regard, it should be noted that BBVA's solvency and equity ratios are currently much higher than the conversion trigger event, which reinforces the nature of the Securities as fixed-income instruments, being its conversion merely contingent.

(ii) The issue price for the Securities will be in line with the market prices for this type of instrument (as indicated in section 2.4 above and as stated in the Finance area's report).

(iii) The proposed Conversion Price to cover a contingent conversion corresponds to the market price of the BBVA share at the time of conversion, except in the event that said market price is less than the Minimum Conversion Price, in which case the Conversion Price would equal the Minimum Conversion Price and the shares would therefore be issued with a premium over the market price. The maximum number of shares to be issued is therefore limited by determining the Minimum Conversion Price, which guarantees that the shares will be issued at a price equal to or higher than the market price.

Taking into account that the Securities are issued as perpetual securities, that the issue price will be in line with the market price, that the conversion trigger events are contingent and strictly limited, and that the Conversion Price would be the market price or, where appropriate, include a premium over the market price, and pursuant to the report by the Finance area and the report prepared by HSBC Continental Europe, the theoretical value of the preferential subscription rights derived from the Issuance is nil and, as a consequence, current shareholders do not lose any economic value due to their exclusion.

In light of the foregoing, the exclusion of preferential subscription rights on the proposed Issuance is necessary for its intended purpose, thus achieving corporate interest.

3.2 Persons receiving Securities

The Issuance will be targeted exclusively at professional clients and eligible counterparties, as defined in the securities market regulations, excluding retail clients or investors in any case.

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This English version is a translation of the original in Spanish for information purposes only. In case of discrepancy, the Spanish original version will prevail.

4. Proposed resolutions

"***FIRST***. *- Under the authority conferred by the Ordinary General Shareholders' Meeting of Banco Bilbao Vizcaya Argentaria, S.A. ("**BBVA**", the "**Company**" or the "**Issuer**") held on 20 April 2021, under agenda item five, issue contingent preference shares convertible into newly issued ordinary Company shares, in accordance with the first additional provision of Act 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions ("**Act 10/2014**") and Regulation (EU) 575/2013 of the European Parliament and of the Council, of 26 June 2013, on prudential requirements for credit institutions applicable at the time of issuance (jointly with Law 10/2014, the "**Solvency Regulations**") so that they may be considered to be additional tier 1 capital instruments ("**Securities**"), for a maximum nominal amount of one billion five hundred million euro (EUR 1,500,000,000) or the equivalent in any other currency, excluding preferential subscription rights ("**Issuance**"), in accordance with the following terms:*

Nature of the Securities:	*Contingent preference shares convertible into newly issued ordinary BBVA shares, in accordance with the Solvency Regulations, so that these may be considered to be additional tier 1 capital instruments.*
Issuer:	*BBVA.*
Issuance recipients:	*Exclusively professional customers and eligible counterparties or their US regulatory equivalents, excluding retail clients and investors in any case.*
Maximum Issuance amount:	*One billion five hundred million euro (EUR 1,500,000,000), or the equivalent in any other currency, as stipulated in the terms and conditions of the Issuance, with the possibility of a lower Issuance amount.*
Nominal unit value:	*The nominal unit value of the Securities will be as stipulated in the terms and conditions of the Issuance, with a minimum value of one hundred thousand euro (EUR 100,000), or the equivalent in any other currency.*
Number of Securities:	*The maximum number of Securities to be issued will be as a result of dividing the total nominal Issuance amount by its nominal unit value. All of the Securities will belong*

	to a single series and will assume the same terms and conditions.
Distribution:	*Securities holders may receive non-cumulative distributions that will be determined based on the interest rate applicable to the nominal value of the Securities, which will be payable provided that the conditions established in the terms and conditions of the Issuance are met (the "**Distribution**").* *Nevertheless, the Issuer will have full discretion at all times to fully or partially cancel the payment of the Distributions for an unlimited period, on a non-cumulative basis, and said cancellation will not restrict the Issuer's ability to fulfil its other obligations in any way.* *The foregoing is without prejudice to other Distribution cancellation instances that may be stipulated in the terms and conditions of the Issuance or as determined by applicable regulations.*
Maturity date and early redemption:	*The Issuance is perpetual and therefore has no maturity date.* *The terms and conditions of the Issuance may include circumstances for early redemption in favour of the Issuer, all in accordance with the Solvency Regulations.*
Representation of the Securities:	*The Securities may be represented by physical certificates or book entries, as stipulated in the terms and conditions of the Issuance.*

Ranking:	*The Securities are subordinated credits with the following BBVA payment ranking in the event of bankruptcy:* *(i) junior to privileged claims, claims against the insolvency estate and ordinary claims;* *(ii) junior to subordinated credits and subordinated securities issued or guaranteed by BBVA, or that may be issued or guaranteed by BBVA, that rank above the Securities;* *(iii) pari passu with credits and securities issued or guaranteed by BBVA, or that may be issued or guaranteed by BBVA, that rank pari passu with the Securities;* *(iv) senior to the credits and securities issued or guaranteed by BBVA, or that may be issued or guaranteed by BBVA, that rank below the Securities;* *(v) senior to BBVA shares.*

***SECOND**. - The bases and methods of the contingent conversion of the Securities will be as follows:*

a) Conversion trigger events

The Securities will be converted into newly issued ordinary BBVA shares when the common equity tier 1 ratio of the Issuer or its consolidated group falls below 5.125%, calculated in accordance with the Solvency Regulations or with any other regulation on capital and solvency applicable to BBVA at any time.

*Similarly, the Securities may be converted into newly issued ordinary BBVA shares if the Issuer adopts any measure that results in the approval of a reduction of its share capital in the terms and conditions set out in Article 418.3 of the consolidated text of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of 2 July (the "**Corporate Enterprises Act**").*

The terms and conditions of the Issuance may set out additional whole or partial trigger events if this is required or advisable, in particular to safeguard the Issuer's solvency or so that the Securities can be considered tier 1 capital instruments.

b) Conversion Ratio

*The ratio for converting Securities into newly issued ordinary BBVA shares (the "**Conversion Ratio**") will be the quotient between the nominal unit value of the Securities (at least EUR 100,000 or its equivalent in any other currency) and the unit value linked to ordinary BBVA shares for conversion (the latter being the "**Conversion Price**").*

Consequently, the Conversion Price will be the greater of:

i) the arithmetic mean of the closing prices of the BBVA share on the specified securities market or stock exchange in the five trading sessions prior to the day on which the conversion trigger event takes place, rounded to the nearest cent and, in the case of half a cent, rounded up to the nearest cent;

*ii) the minimum conversion price set out in the terms and conditions of the Issuance, which must not be lower than EUR 3.75 or its equivalent in any other currency, notwithstanding any modifications made to this amount as a result of implementing the anti-dilution mechanism provided for in section d) below (the "**Minimum Conversion Price**"); and*

iii) the nominal value of ordinary BBVA shares at the time of conversion.

Based on the above, the Conversion Price will be equal to or higher than the market price of the BBVA share at the time the Securities are converted and may never be lower than the nominal unit value of ordinary BBVA shares at the time of conversion, so that, in any case, it will be compliant with Article 415.2 of the Corporate Enterprises Act.

The number of shares corresponding to each Securities holder after the conversion will be the result of multiplying the Conversion Ratio by the number of Securities he or she holds. If said calculation results in a fraction, this will be determined in accordance with the terms and conditions of the Issuance.

c) Conversion procedure

The conversion procedure will be determined in the terms and conditions of the Issuance.

d) Anti-dilution mechanism

Pursuant to Article 418.2 of the Corporate Enterprises Act and in accordance with standard practice for this type of transaction, anti-dilution mechanisms will be established based on the Minimum Conversion Price, as per the terms and conditions of the Issuance.

These anti-dilution mechanisms must take into account the bases and methods of conversion described above and the requirement that the Conversion Price is never lower than the nominal value of ordinary BBVA shares at the time of conversion.

*Notwithstanding other powers that may be conferred, the Executive Committee is empowered, with express powers of substitution, with the broadest powers conferred to Luisa Gómez Bravo, with DNI (Spanish national identity document) 33509623A; José María Caballero Cobacho, with DNI 25154047M; Ignacio Echevarría Soriano, with DNI 00837871G; and María Gloria Couceiro Justo, with DNI 32828827F; all of legal age, of Spanish nationality and domiciled for the purposes herein at Calle Azul, No. 4, Madrid, Spain (the "**Proxies**"), so that any of them may, jointly or severally and indistinctly establish, develop or amend the terms and conditions of the Issuance, as well as determine or develop any matter not established by this resolution, including, but not limited to, sufficient powers to amend and/or adapt other conversion trigger events, as well as to determine other conversion trigger events in addition to those provided for in this resolution, under the terms and conditions that they deem necessary or advisable in the best interest of the Issuance.*

***THIRD**. - To validate the actions taken to carry out the request for the appointment of the independent expert / account auditor other than the Company's auditor appointed by the Mercantile Registry, for the purpose of issuing the voluntary report provided for in Articles 414, 417, 510 and 511 of the Corporate Enterprises Act.*

***FOURTH**. - Based on the report prepared by the BBVA Finance area, in accordance with the report issued by J&A Garrigues, S.L.P. and pursuant to Articles 414, 417, 510 and 511 of the Corporate Enterprises Act, approve the Directors' Report on the Issuance, which will be made available to shareholders along with the report issued by the independent expert / accounts auditor (other than the Company's auditor appointed for such purposes by the Commercial Registry) and reported to the first General Meeting held after the issuance resolution, expressly empowering the Corporate Secretary and Secretary of the Board of Directors and the Deputy Secretary to the Board of Directors to certify the text.*

***FIFTH**. - As stated in the report by the Finance area, which is reflected in the Directors' Report approved under the above resolution, corporate interest requires the exclusion of preferential subscription rights in this Issuance. Consequently, the Board of Directors, pursuant to the powers* *conferred by the Ordinary General Shareholders' Meeting held on 20 April 2021, under agenda item five, and pursuant to Articles 417 and 511 of the Corporate Enterprises Act, hereby resolves to exclude preferential subscription rights in this Issuance.*

***SIXTH**. - Increase BBVA's share capital by the amount and number of shares necessary to cover the contingent conversion of the Securities, in accordance with the Conversion Ratio.*

Taking into account that the Minimum Conversion Price must not be lower than EUR 3.75 or its equivalent in any other currency, the maximum number of ordinary BBVA shares to be issued will be 400,000,000 (each currently EUR 0.49 of the nominal unit value), assuming that no anti-dilution adjustment is made that affects the Minimum Conversion Price, and expressly foreseeing the possibility of a share capital increase with an issue premium for a lower number of shares and the possibility of undersubscription.

*In the event that Securities are converted, newly issued BBVA shares that are issued to cover the conversion will be ordinary shares, of the same class and series as those that are currently in circulation, and will be represented in the same way as said ordinary shares (currently through book entries recorded by the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal ("**IBERCLEAR**" — Spanish Central Securities Depository), which performs this role together with its participating entities), granting their holders the same rights as the ordinary shares that are currently in circulation. Upon execution of this resolution to increase share capital, the corresponding article in the Bylaws will be adapted accordingly.*

In accordance with Article 304.2 of the Corporate Enterprises Act, should the Securities be converted into newly issued shares, there would be no preferential subscription rights on the resulting share capital increase.

***SEVENTH**. - Under the authority conferred by the BBVA Ordinary General Shareholders' Meeting held on 20 April 2021, under agenda item five, empower the Executive Committee with express powers of sub- delegation and confer the broadest powers to the Proxies so that any of them may, jointly or severally and indistinctly, within the limits established in the above resolutions, execute the Issuance and:*

a) Determine when the Issuance should take place and even abstain from executing the Issuance if deemed necessary or advisable.

b) Determine the terms, characteristics and conditions applicable to the Issuance and Securities to be issued, including, but not limited to, the final amount of the Issuance and the nominal value of each Security, within the limits established under resolution ONE above, the currency of the Issuance, the nominal interest rate applicable to the Securities, *the interest rate accrual periods and the applicable payment procedure, the placement system and, when applicable, the effective placement rate; include new bases and methods of conversion and/or amend those that already exist, including amending the Conversion Ratio, determining the Minimum Conversion Price or determining the terms and conditions of the anti-dilution mechanism, as well as establishing any additional conversion and/or amortisation trigger events and any other terms or conditions deemed necessary or appropriate in the best interest of the Issuance, expressing the amount available in terms of the limits of the authorisation conferred to the Board of Directors by the Ordinary General Shareholders' Meeting and the amount to be made available, also authorising the Board, where appropriate, to redeem the Securities in advance, performing any procedures deemed necessary or advisable.*

c) *Declare the Distribution of the Securities, whether wholly or partially, and declare the whole or partial cancellation of the Distribution, as determined in the terms and conditions of the Issuance.*

d) *Apply, where appropriate, the anti-dilution mechanism as determined in the terms and conditions of the Issuance.*

e) *Negotiate, examine, conclude, execute, sign, grant, modify, terminate or cancel all contracts, securities, agreements and documents, whether public or private, that are necessary or deemed appropriate with regard to the Issuance (in particular, including, but not limited to, information leaflets, base prospectuses, offering circulars, information documents, supplements, supplement prospectuses, term sheets, security forms, liquidity contracts, subscription contracts, placement and/or underwriting agreements, agency agreements, requests, communications, announcements or notices, as well as any other contracts or documents relating to the Issuance), with authority to determine the legal and economic conditions for them all and to make the necessary or appropriate designations or appointments, as well as other supplementary acts that may be required or advisable to implement the resolutions.*

f) *In relation to the Issuance or Securities, appear, personally or through the representative or agent authorised in writing by any of the Proxies, before all the representatives, committees or bodies of any securities market or stock exchange, or any supervisor, regulator or registry, including, but not limited to the Spanish National Securities Market Commission (CNMV), the Securities and Exchange Commission, the Irish Stock Exchange, Euronext Dublin, the New York Stock Exchange, the AIAF Fixed-Income Market, the Alternative Fixed-Income Market, as well as any book-entry, registration, clearing and/or settlement company for securities, with authority to underwrite, issue, sign, grant, modify, resolve and cancel any contracts, certificates and documents as deemed necessary or appropriate, in the manner in which any of the Proxies deems necessary or advisable in order to comply with the applicable requirements imposed at any time by each supervisor, regulator, registry, securities exchange or market or securities registration, clearing and/or* *settlement companies, including, but not limited to, DTC or IBERCLEAR, as deemed necessary or advisable in the best interest of the Issuance.*

g) Request or communicate, where applicable, the eligibility of the Securities as additional tier 1 capital (AT1), or any other applicable category, in accordance with the regulations in force at any given time.

h) Authorise and underwrite any public or private documents as required, with authority to appear before a notary public, raise these resolutions to public, authorise all notary deeds and acts considered necessary by the Proxies, including deeds of issue, rectification, clarification, correction or cancelation, those for whole or partial Issuance subscription and those for whole or partial amortisation or modification and, where appropriate, authorise any other public or private documents that may be necessary or advisable in relation to the Issuance, and complete all relevant procedures, with the possibility of acting through agents and/or representatives, to achieve their registration at the Commercial Registry, when required. Where applicable and if required, draft the declaration referred to in Article 318 of the Regulations of the Commercial Registry or any other rule amending or superseding it.

i) Set up, if necessary, the syndicate of bondholders for the Issuance and appoint its commissioner or, if deemed necessary or advisable, establish the mechanisms for the collective association or organisation and/or representation and protection of Securities holders, including the determination of their characteristics and operating rules, and, where appropriate, the appointment of their representatives and the rules that are to govern the relationships between the Company and said holders, all in accordance with the terms and conditions deemed necessary or advisable, and convening on behalf of BBVA any meetings when deemed necessary or convenient.

j) Establish all other terms not determined by this Board of Directors relating to the Issuance, including any modifications if necessary or advisable, and determine any other aspect of the Issuance or implement any other measures deemed necessary or appropriate in relation to the above powers, authorising any private or public documents deemed necessary or advisable for this purpose.

k) With regard to the contingent conversion of the Securities into newly issued ordinary BBVA shares, where appropriate, establish the Conversion Price and, where applicable, the premium, the Minimum Conversion Price and the definitive Conversion Ratio of the Issuance, determine the number of shares by which BBVA's capital is to be increased, declaring undersubscription in such an event, and perform necessary acts, including, but not limited to, authorising any public or private documents that may be necessary to implement the share capital increase and amend, if applicable, the wording of the corresponding article in the Bylaws to adapt it to the new share capital figure, with authority to appear for such purposes before any public or private bodies, including, but not limited *to, a notary public or the Commercial Registry, and authorise any deeds considered necessary or advisable for this purpose.*

l) Request, where appropriate, the admission to trading or listing of the Securities and/or ordinary BBVA shares issued to cover the contingent conversion of the Securities, if applicable, on regulated or non-regulated, organised or non-organised secondary markets, Spanish or foreign multilateral trading systems, including, but not limited to the Irish Stock Exchange, Euronext Dublin, the New York Stock Exchange, the AIAF Fixed-Income Market, the Alternative Fixed-Income Market, the Spanish securities markets, the London Stock Exchange or the Bolsa Mexicana de Valores and carry out any procedures or actions deemed necessary or advisable in any jurisdiction where the Securities and/or the newly issued BBVA shares to cover the contingent conversion of the Securities are offered or traded or requested to trade. Without limitation:

(i) Draft, approve, formulate, file, underwrite and sign any documents, contracts, prospectuses, information documents, requests, communications, certificates or notifications deemed necessary or advisable for these purposes and grant their subsequent amendment where appropriate.

(ii) Take any necessary actions before competent authorities in each jurisdiction and approve and formalise any public or private documents as may be necessary or advisable for the full effectiveness of the resolutions, in any aspects or content.

To conclude, and for the purpose of the applicable regulations on the issuance of securities, it is hereby resolved to appoint the Proxies as representatives of the Company, jointly and severally, before any public or private body. They will take responsibility for the content of the prospectuses of issue, information documents or any other similar documents, where applicable, and are similarly authorised to sign any additional public or private contracts and documents that are deemed necessary or advisable in the best interest of the Issuance."