

Board of Directors Report

Item 3 of the agenda of the Annual General Shareholders' Meeting, called to take place on 19 and 20 March 2026 on first and second call.

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

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1. Introduction

1.1. Purpose of the Report

This report is drawn up by the Board of Directors of BANCO BILBAO VIZCAYA ARGENTARIA, S.A. (“**BBVA**”, the “**Bank**” or the “**Company**”), pursuant to articles 414 and 511 of the consolidated text of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010 of 2 July, in its current wording (the “**Corporate Enterprises Act**”), with respect to the proposed resolutions presented to the Annual General Shareholders’ Meeting under agenda item three, to delegate to the Board of Directors the power to resolve, on one or several occasions, to issue securities contingently convertible into newly issued BBVA shares (CoCos) and to exclude pre-emptive subscription rights, as well as to increase the share capital by the amount necessary to cover the conversion and to amend the corresponding article of the Bylaws.

1.2. Applicable regulations

Article 414 of the Corporate Enterprises Act allows public limited liability companies to issue securities convertible into shares provided that the general meeting determines the terms and modalities of the conversion and resolves to increase the share capital by the necessary amount. To such end, the directors must draw up a report explaining the terms and modalities of the conversion, which must be accompanied by another report from an auditor other than the auditor of the company, appointed for this purpose by the Commercial Registry.

Furthermore, in the case of listed companies, article 511 of the Corporate Enterprises Act allows the general shareholders’ meeting to delegate to the directors, in addition to the power to issue convertible securities, the power to exclude pre-emptive subscription rights in connection with the convertible securities made under that authority when the company’s interests so require. To this end, the notice calling the general shareholders’ meeting that includes the proposal to delegate to the directors the power to issue convertible securities must also expressly mention the proposal to exclude pre-emptive subscription rights, and, from the date on which the general shareholders’ meeting is called, a directors’ report substantiating the grounds for the proposed exclusion must be made available to shareholders.

Additionally, the aforementioned article 511 of the Corporate Enterprises Act requires that, in the resolution to increase the share capital adopted on the basis of the delegation granted by the general shareholders’ meeting, the directors’ report and the auditor’s report referred to above must relate to each specific issue. These reports shall be made available to shareholders and

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submitted to the first general shareholders' meeting held following the adoption of the share capital increase resolution.

Moreover, the contingent nature of the conversion of the instruments whose issuance is proposed to be delegated is required by Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013, on prudential requirements for credit institutions and investment firms, in order for such instruments to be eligible as additional Tier 1 capital instruments.

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2. Proposed resolutions

The full text of the proposed resolutions on the delegation to the Board of Directors of the power to issue contingently convertible securities and to exclude pre-emptive subscription rights, as well as to resolve to increase the share capital by the amount necessary to cover the conversion of such securities, in accordance with the provisions of articles 414 et seq. and 511 of the Corporate Enterprises Act, which is submitted for approval to the Annual General Shareholders' Meeting, is as follows:

“One.- To delegate to the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A. (the “Company” or the “Bank”), as broadly as required by law, the power to issue securities convertible into newly issued shares of the Bank whose conversion is contingent and which is intended to meet regulatory requirements for their eligibility as capital instruments (CoCos), in accordance with the solvency regulations and subject to the legal and statutory provisions applicable at any time, with the ability to carry out the issues on one or several occasions within a maximum period of five (5) years from the date of approval of this resolution, for a maximum overall aggregate amount of EIGHT BILLION EURO (EUR 8,000,000,000), or its equivalent in any other currency.

Two.- To authorise the Board of Directors, empowering it to sub-delegate such powers to the Executive Committee (which, in turn, shall have powers of sub-delegation); to the Chair of the Board of Directors; to the Chief Executive Officer; or to any other person expressly empowered by the Board for this purpose, with the scope it deems appropriate, as broadly as required by law, for the exercise of the delegation referred to in the foregoing resolution One, as well as to carry out any acts, procedures or applications that may be necessary or advisable for its exercise, so that, in the manner it deems most appropriate, it may:

- (i) *Resolve, establish and determine the terms, characteristics and conditions of each and every one of the issues of securities contingently convertible into newly issued shares of the Company carried out pursuant to this resolution, including but not limited to, the term, expressly allowing for the issuance of perpetual securities; where applicable, the terms and early redemption options, which may be in favour of the issuer or of the bondholders; the amount, always within the maximum overall aggregate amount indicated above; the issue date or dates; the interest rate; the issue price; the number of securities and the nominal value of each security; the form of representation of the securities; the form and conditions of the remuneration of the securities, including, without limitation, the interest rate, whether fixed or variable, and the dates and procedures for coupon payment; the ranking of the securities and any subordination clauses; where applicable, anti-dilution clauses; the applicable law and jurisdiction; and, where appropriate, the mechanisms for association and collective organisation and/or representation and protection of the holders of the securities to be issued, including the appointment of their representatives.*

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

Where the issue is carried out with a fixed conversion ratio, the Company's share price for the purposes of the conversion may not be less than the higher of: (a) the arithmetic mean of the closing prices of the Company share on the stock exchange or securities market determined by the Board of Directors, during a period to be established, which may not be longer than three months nor shorter than fifteen trading days prior to the date on which the specific issue of contingently convertible securities is approved; and (b) the closing price of the Company share on the stock exchange or securities market determined by the Board of Directors on the day prior to the date on which the specific issue of contingently convertible securities is approved.

Where the issue is carried out with a variable conversion ratio, the Bank share price for the purposes of the conversion shall be the arithmetic mean of the closing prices of the Company share on the stock exchange or securities market determined by the Board of Directors, during a period to be established, which may not be longer than three months nor shorter than five trading days prior to the date on which the conversion trigger event occurs. A premium or, where appropriate, a discount may be applied to such price per share; however, where a discount is applied, it may not exceed 30%. The premium or discount may differ for each conversion date of each issue or tranche. Likewise, notwithstanding that a variable conversion ratio is established, a minimum and/or maximum reference share price for the purposes of conversion may be determined, on the terms deemed appropriate by the Board of Directors.

Subject to any other limits applicable under the regulations in force at any time, the value of the Company share for the purposes of the conversion ratio of the securities into shares may not be below the nominal value of the Company share at the time of conversion, and securities may not be converted into shares when the nominal value of the securities is below that of the shares.

For the purposes of conversion, the contingently convertible securities shall be valued at their nominal amount, and may include or exclude accrued and unpaid interest at the time of conversion, and rounding formulae may be determined as deemed appropriate.

- (iv) *Request, where appropriate, the admission to trading of the contingently convertible securities issued pursuant to this delegation and/or the shares issued to cover their conversion, on official or unofficial, regulated or non-regulated, organised or non-organised secondary markets, whether domestic or foreign, and to carry out any procedures or actions that may be necessary or advisable for this purpose before any corresponding public and/or private authorities or bodies.*

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It is expressly stated that the Company submits to the regulations currently in force or that may be enacted in the future in relation to trading, in particular with regard to listing, maintenance and delisting, and undertakes that, should the delisting of the securities or shares subsequently be requested, such delisting shall be carried out in accordance with the formalities required by the applicable regulations, as well as with any conditions, limitations or requirements that may be imposed by the competent supervisory authorities in relation to the admission, maintenance or exclusion from trading of such securities or shares.

- (v) Increase the Bank's share capital by the amount necessary to cover the conversion commitments, within the limits that, where applicable, are in force and available at any time, allowing, where appropriate, for undersubscription, establishing the characteristics of the Company shares to be issued to cover the conversion of the securities, and to redraft the corresponding article of the Bylaws.*
- (vi) Exclude, either fully or partially, the pre-emptive subscription rights of shareholders within the framework of a specific issue, when the corporate interest so requires, in all cases complying with the legal requirements and limitations established for this purpose at any given time.*

Three.- *To repeal, insofar as it has not been exercised, the authority conferred by the Annual General Shareholders' Meeting held on 20 April 2021, under agenda item five."*

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3. Grounds for the proposed conferral of authority to issue contingently convertible securities

The proposed resolutions to confer authority are substantiated on the grounds that it is advisable for the Company to have a mechanism expressly established in the prevailing corporate legislation that enables it to resolve to issue securities contingently convertible into newly issued Company shares, as may be necessary or appropriate, on one or several occasions, in an agile and flexible manner, without the need to call and hold a General Shareholders' Meeting on the occasion of each issue, albeit always within the limits, terms and conditions resolved by the General Shareholders' Meeting at the time the authority is conferred, all of the foregoing in accordance with the Bank's needs and the regulatory environment and the financial markets in which it operates.

In this regard, it must be taken into account that the regulations on solvency and own funds require credit institutions to endow themselves with different capital instruments to cover the various categories of regulatory capital that, in certain proportions, make up their own funds requirements, depending on the composition and size of their balance sheets. These capital requirements may be covered, among others, by convertible instruments that meet certain requirements in order to be eligible as capital instruments of the Company and, where appropriate, of its Group.

Specifically, the solvency regulations establish the possibility that issues of contingently convertible securities (CoCos) may be eligible as additional Tier 1 capital instruments and, therefore, serve to comply with solvency requirements, provided that they envisage, among other characteristics, their contingent conversion into newly issued shares upon the occurrence of a significant shortfall in regulatory capital. This possibility allows credit institutions to meet their solvency requirements in a more flexible manner and under more appropriate financial and capital management conditions, the issuance of this type of contingently convertible securities having become a customary practice among credit institutions, including BBVA.

For this reason, and notwithstanding the fact that BBVA's current capital ratios, both at a consolidated and individual level, are significantly above the applicable regulatory requirements, it

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is deemed appropriate that, in order to ensure proper management, the Board of Directors is empowered to flexibly and agilely issue those contingently convertible securities that enable the Company to renew its capital instruments and to maintain and, where appropriate, increase its capital ratios in accordance with the solvency regulations in force at any time.

In particular, it should be considered that the contingently convertible issues currently outstanding at BBVA—which are currently eligible as capital instruments—are subject to regulatory and market conditions that may evolve towards a situation in which proper management may require their rollover through new contingently convertible issues with regulatory and financial conditions that are more appropriate or advisable for BBVA.

Likewise, and without prejudice to the fact that, as indicated above, BBVA currently exceeds its total capital requirement, it must be borne in mind that any evolution and growth, whether organic or inorganic, of the risk-weighted assets of the Company and its Group (on which the applicable capital requirements are calculated and established), as well as any regulatory or interpretative change in the regulatory framework applicable to the Bank, particularly in relation to solvency and resolution, could entail the need for new issuances of instruments that efficiently meet such new or unforeseen requirements, including the issuance of contingently convertible securities that may be eligible as capital instruments.

Accordingly, it is necessary for the Company to have the appropriate mechanisms in place that enable the Bank to comply with any present or future solvency and own funds requirements in an efficient, agile and flexible manner. The proposed delegation will allow the Company to obtain funding and strengthen its solvency ratios through the issuance of contingently convertible securities at the time deemed most appropriate, in accordance with the conditions applicable at any given time, with sufficient flexibility and agility of execution, and avoiding the delays and increased costs that would result from the need to resort to the General Shareholders' Meeting to issue such securities, albeit always within the limits, terms and conditions resolved by the General Shareholders' Meeting at the time the delegation is granted.

Likewise, the proposed delegation allows the Bank to have the necessary flexibility to, where appropriate, take advantage of favourable financial market conditions, thereby reinforcing a forward-looking and orderly management of its capital structure, even in the absence of immediate own funds needs.

In light of all of the foregoing, and repealing the authority conferred by the General Shareholders' Meeting held on 20 April 2021 insofar as it has not been exercised, the Board of Directors considers that the delegation in its favour of the power to resolve, on one or several occasions, to

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issue contingently convertible securities for a maximum overall aggregate amount of EIGHT BILLION EURO (EUR 8,000,000,000) constitutes a suitable and flexible mechanism to ensure that, at any given time and in an agile and effective manner, the Bank may obtain funding and adapt its own funds to the circumstances and needs that may arise at any time.

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4. Grounds for the proposed conferral of authority to exclude pre-emptive subscription right

The complex characteristics of the issues of contingently convertible securities (CoCos) in order for them to be eligible as additional Tier 1 capital instruments of the Company and its Group (perpetual, subordinated, with discretionary remuneration and contingently convertible) and the regulatory requirements governing their placement mean that these instruments constitute a product that cannot be addressed to all types of investors, particularly retail investors, who represent a very significant portion of BBVA's shareholding structure. Accordingly, not excluding pre-emptive subscription rights would entail offering a product that does not match the investment profile of all the Bank's shareholders.

For this reason, it is proposed that, together with the delegation of the power to resolve, on one or several occasions, to issue contingently convertible securities, the Board of Directors also be empowered to totally or partially exclude pre-emptive subscription rights in connection with such issues, pursuant to the provisions of article 511 of the Corporate Enterprises Act, in all cases complying with the legal requirements and limitations established for this purpose at any given time.

However, it should be noted that contingently convertible issues are by nature perpetual fixed-income instruments, which are not issued with the expectation of being converted, since they have no pre-established conversion date, and whose contingent conversion is only envisaged for a very specific event of a significant shortfall in regulatory capital, in accordance with solvency regulations, for their eligibility as additional Tier 1 capital, and are therefore not dilutive for shareholders at the time of their issuance.

Moreover, it must be taken into account that BBVA's solvency and own funds ratios are well above the conversion trigger, thereby reinforcing the fixed-income nature of these issues and the contingent character of their conversion.

Likewise, on the occasion of each resolution to issue contingently convertible securities with exclusion of pre-emptive subscription rights adopted on the basis of the delegation granted by the General Shareholders' Meeting, the directors must draw up a report providing a detailed justification for the exclusion of pre-emptive subscription rights, which, where applicable and as

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appropriate, shall be accompanied by a report from an independent expert/statutory auditor other than the Company's statutory auditor, appointed for this purpose by the Commercial Registry, containing a technical opinion on the reasonableness of the data included in the directors' report and on the suitability of the conversion ratio and, where applicable, its adjustment formulae, in order to offset any potential dilution of the shareholders' economic interest, all in accordance with the provisions of articles 417 and 511 of the Corporate Enterprises Act.

The directors' report and, where applicable, the report of the independent expert/statutory auditor other than the Company's statutory auditor must refer to each specific issue and shall be made available to shareholders and submitted to the first General Shareholders' Meeting held following the adoption of the resolution to issue the contingently convertible securities.

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5. Use made of the authority conferred by the Annual General Shareholders' Meeting held on 20 April 2021

It is hereby stated that the authority conferred by the Annual General Shareholders' Meeting held on 20 April 2021, under agenda item five, which it is proposed to repeal insofar as it has not been exercised, has been used by the Bank's Board of Directors on five occasions to carry out issues of contingently convertible securities (CoCos), on the terms detailed below:

- (i) On 2 February 2022, the BBVA Board of Directors resolved to issue preferred securities contingently convertible into Company shares up to a maximum amount of one billion euro (EUR 1,000,000,000), or its equivalent in any other currency, and to increase the share capital by the amount necessary to cover their conversion, excluding pre-emptive subscription rights. This issue was placed on 21 June 2023 for the total amount indicated above.
- (ii) On 27 June 2023, the BBVA Board of Directors resolved to issue preferred securities contingently convertible into Company shares up to a maximum amount of one billion euro (EUR 1,000,000,000), or its equivalent in any other currency, and to increase the share capital by the amount necessary to cover their conversion, excluding pre-emptive subscription rights. This issue was placed on 19 September 2023 for an amount of one billion United States dollars (USD 1,000,000,000), equivalent to nine hundred thirty-two million four hundred eighty-seven thousand eight hundred seventy-seven euro and sixty-six euro cents (EUR 932,487,877.66).
- (iii) On 28 February 2024, the BBVA Board of Directors resolved to issue preferred securities contingently convertible into Company shares up to a maximum amount of one billion five hundred million euro (EUR 1,500,000,000), or its equivalent in any other currency, and to increase the share capital by the amount necessary to cover their conversion, excluding pre-emptive subscription rights. This issue was placed on 13 June 2024 for an amount of seven hundred fifty million euro (EUR 750,000,000).

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- (iv) On 25 September 2024, the BBVA Board of Directors resolved to issue preferred securities contingently convertible into Company shares up to a maximum amount of one billion five hundred million euro (EUR 1,500,000,000), or its equivalent in any other currency, and to increase the share capital by the amount necessary to cover their conversion, excluding pre-emptive subscription rights. This issue was placed on 14 January 2025 for an amount of one billion United States dollars (USD 1,000,000,000), equivalent to nine hundred sixty-two million one hundred eighty-six thousand eighty-six euro and seventy-nine euro cents (EUR 962,186,086.79).
- (v) On 25 June 2025, the BBVA Board of Directors resolved to issue preferred securities contingently convertible into Company shares up to a maximum amount of one billion five hundred million euro (EUR 1,500,000,000), or its equivalent in any other currency, and to increase the share capital by the amount necessary to cover their conversion, excluding pre-emptive subscription rights. This issue was placed on 11 November 2025 for an amount of one billion euro (EUR 1,000,000,000).

None of the aforementioned issues of contingently convertible securities has been converted into BBVA shares.

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Madrid, nine February two thousand and twenty-six.

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