

Remuneration Committee Report

Report of the Remuneration Committee pursuant to Article 529 novodecies of the Spanish Corporate Enterprises Act in relation to the proposal for approval of the Remuneration Policy for the Directors of Banco Bilbao Vizcaya Argentaria, S.A.

Banco Bilbao Vizcaya Argentaria, S.A

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1. Background and regulatory framework

Article 529 novodecies of the Consolidated Text of the Spanish Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of 2 July (the “**Corporate Enterprises Act**”), stipulates that the remuneration policy for directors will be approved by the General Shareholders' Meeting and that the proposal of remuneration policy of the Board of Directors will be reasoned and accompanied by a specific report by the Remuneration Committee.

The remuneration policy for the directors of Banco Bilbao Vizcaya Argentaria, S.A. (“**BBVA**”, the “**Institution**”, the “**Company**” or the “**Bank**”) currently applicable was approved in 2023, for its application during the years 2023 to 2026. Upon reaching the final financial year of application, in accordance with Article 529 novodecies of the Corporate Enterprises Act, a new policy shall be submitted to the General Meeting of Shareholders for consideration before the end of that financial year. If approved, this new policy shall apply in 2026, therefore replacing the existing policy, and during the three following years.

Thus, within the framework of its powers to periodically review the policy, the Remuneration Committee has submitted a proposal for a new directors' remuneration policy to the Board of Directors that includes the changes set out in detail in this report and which, if approved by the Board of Directors, will be submitted to the next General Shareholders' Meeting for approval.

In view of the foregoing, and in compliance with the provisions of the aforementioned regulations, the Remuneration Committee has also resolved to submit this report to the Board of Directors in relation to the new remuneration policy for BBVA directors (the “**Remuneration Policy for BBVA Directors**”, the “**Remuneration Policy**” or the “**Policy**”), to be made available to the Company's shareholders on the occasion of the convening of the General Meeting for the year 2026 (the “**Report**”).

2. BBVA Directors' Remuneration Policy Governance Model

2.1. BBVA's Corporate Governance System

BBVA is aware of the importance of having a Corporate Governance System that guides the structure and functioning of its corporate bodies in the best interest of the Institution and its shareholders and investors and the rest of its stakeholders.

A **solid and effective Corporate Governance System adapted to the Bank's circumstances**, enabling sound management and oversight, is essential to executing the BBVA Group's strategy and promoting its values and corporate culture, as well as to creating value and ensuring the long-term sustainability of the business model.

Within the framework of the Corporate Governance System and, in accordance with the provisions of article 18 of its Regulations, in the area of remuneration, the **Board of Directors** has the following functions:

- The approval of the remuneration policy for directors, for the purposes of submitting it to the General Shareholders' Meeting in the terms established under applicable regulations.
- The determination of the remuneration of directors in their capacity as such, and in the case of executive directors, the approval of the contracts that the Bank should enter into with them, as well as the determination of the individual remuneration that they should receive for their executive duties.
- The establishment of the basic contractual conditions for senior managers, including their remuneration and severance in case of termination, based on the proposals submitted by the Remuneration Committee.
- The approval of the remuneration policies of senior managers, of those employees whose professional activities have a material impact on the risk profile of the Company and/or its Group, as well as of the Group as a whole.

In order to ensure optimum performance of its management and supervision functions, with the aid of an appropriate decision-making process, and to promote the balance of powers and the prevention of conflicts of interest, the Board of Directors of BBVA, in accordance with Article 32 of its Regulations, has established specific committees that assist it in matters falling within its remit, having established a coordinated work scheme between these corporate bodies to enable the proper exercise of their functions.

Among the Committees of the Board of Directors, the **Remuneration Committee**, composed exclusively of non-executive directors and with a majority of independent members, including its Chair, assists the Board in the remuneration matters that correspond to it, preparing the decisions to be taken by the Board in this matter, for which it has the functions attributed to it in the Regulations of the Board and in Article 5 of its own Regulations, without prejudice to any other functions assigned to it by law or by the Bylaws.

Thus, the BBVA's Corporate Governance System has been configured so that, in general, proposals concerning remuneration that are submitted for the consideration of the Bank's Board of Directors originate from the Remuneration Committee, which analyses and formulates the proposals prior to their submission to the Board, taking into account, where appropriate, the prior analysis of other Board committees.

Specifically, in accordance with the provisions of Article 5 of its Regulations, the Remuneration Committee has the function of **proposing to the Board of Directors, for submission to the General Shareholders' Meeting, the directors' remuneration policy, along with its corresponding report**, all of this in the terms established by the applicable regulations at any given time.

Likewise, as part of the decision-making process in remuneration matters, the Remuneration Committee is **assisted by the Risk and Compliance Committee**, which, in accordance with Article 5 of its Regulations, is also involved in the **process of defining remuneration policies** by ensuring that they are compatible with adequate and effective risk management and do not offer incentives for risk-taking that exceed the level tolerated by the Group.

In any case, as required by the applicable regulations, decisions regarding directors' remuneration are submitted to the Bank's **General Shareholders' Meeting** for approval.

2.2. Decision-making process for approval of the BBVA Directors' Remuneration Policy

In accordance with the provisions of Articles 511 bis and 529 novodecies of the Corporate Enterprises Act and, in view of the framework of powers of the corporate bodies described above, upon reaching the final year of application of the BBVA directors' remuneration policy approved by the General Meeting in 2023, the **Remuneration Committee** has submitted to the **Board of Directors**, following an analysis by the **Risk and Compliance Committee** and accompanied by this Report, a new Remuneration Policy, for submission for approval by the Company's 2026 **General Shareholders' Meeting**.

This Policy, if approved by the General Shareholders' Meeting, shall apply in 2026, therefore replacing the previous policy, and during the three following years: 2027, 2028 and 2029.

The new Policy is the result of the **continuous reflection, monitoring and analysis carried out by the Remuneration Committee** and the Board of Directors over the last few years. The high level of shareholder support received in 2023, also supported in the consultative votes of the Annual Report on Directors' Remuneration for the years 2023 and 2024, together with the constant and constructive dialogue that BBVA maintains with its shareholders, investors and other stakeholders, have made it possible to confirm the effectiveness and proper functioning of the current remuneration model.

As a result of this reflection process, it has become clear that the remuneration systems of BBVA's directors, both executive and non-executive, are aligned with applicable regulations, best practices and market standards, the interests of our shareholders and investors and the Group's strategy.

In particular, the annual variable remuneration model of the executive directors contributes to the development of the Group's strategic priorities, to the creation of value and to the achievement of the Company's long-term interests. Through the selection of relevant indicators aligned with the strategy and the main management metrics, variable remuneration is directly linked to the Group's results and, in turn, to adequate and prudent risk management.

Notwithstanding the foregoing, as part of the evolution and constant improvement of BBVA's Corporate Governance System, of which remuneration policies are a fundamental part, on the occasion of the need to approve a new Remuneration Policy for BBVA Directors, the Remuneration Committee has carried out an in-depth review to identify possible improvements.

The amendments proposed in this new Policy seek to ensure that the remuneration of BBVA's directors continues to be competitive and suitable for attracting and retaining the best professionals, that it is aligned with the interests of the shareholders and investors, and that it continues to be a key lever to promote the Group's long-term strategy and interests.

As a result of the foregoing, the Board of Directors, at the proposal of the Remuneration Committee, is expected to approve the **new Remuneration Policy for BBVA Directors**, for submission to the General Meeting's approval.

3. BBVA Directors' Remuneration Policy

3.1. Structure of the Policy

BBVA's Directors' Remuneration Policy is structured in a way that is clear, understandable and transparent, and in accordance with the regulatory taxonomy approved by the BBVA Group for the preparation of its Internal Regulation. Specifically, it includes:

- (i) a first introductory section detailing the regulatory framework governing the approval of the Policy;
- (ii) a second section, which includes the context and the main considerations that justify the introduction of the changes to the new Policy, as well as the detail of the modifications it incorporates;
- (iii) a third section, which describes the purpose and scope of the Policy;
- (iv) a fourth section that includes the general principles that inspire the Policy, and how they materialize in its specific provisions;

- (v) a fifth section that includes these provisions, regulating the decision-making process in the remuneration field, the statutory framework of the remuneration of directors, and the remuneration system of directors, both executive and non-executive, as well as the specific amounts of their remuneration and main conditions of the contracts of executive directors;
- (vi) transitional provisions; and
- (vii) lastly, a section that regulates the governance and supervision model of the Policy, which, among other issues, establishes the possibility of applying temporary derogations to the Policy, as well as the procedure to be used, the circumstances in which they could be used, and the components that could be subject to exception.

All the above, in accordance with the provisions of Article 529 novodecies of the Spanish Corporate Enterprises Act, which establishes the requirements that the directors' remuneration policy must comply with, as well as with the remaining regulations applicable to the Bank.

In addition, **Sections II** and **III** of the Policy include, in compliance with the provisions of Article 219 of the Corporate Enterprises Act, the specific conditions of the remuneration systems that involve the delivery of shares to non-executive and executive directors, respectively, and/or instruments linked to the shares in the case of the latter, including the maximum number of shares to be allocated to the systems in execution of the Policy.

3.2. Background and rationale for changes introduced by the Policy

The Policy has been prepared at a key moment, marked by the successful completion of a strategic cycle (2021-2024) and the start of the new Strategic Plan approved by the Board of Directors for the years 2025-2029 with ambitious associated objectives.

The Remuneration Committee recognizes that the leadership of the Chair and the Chief Executive Officer within their respective remits has been essential, both in shaping the strategy and in executing it, placing the BBVA Group in an excellent position as it embarks on this new cycle.

Looking ahead, the Remuneration Committee and the Board of Directors consider it essential to have a remuneration scheme that is competitive and that, in line with market practice, adequately rewards and serves to recognize the trajectory of executive directors, allowing for the retention of talent in a highly competitive and demanding environment. Likewise, they consider that the remuneration scheme must constitute, at the same time, a motivating element that promotes the leadership and the successful execution of the new Strategic Plan.

In this context, the Remuneration Committee has concluded that the current remuneration scheme requires an update, considering, among others issues, that since the appointment of the Chair and the Chief Executive Officer, at the end of 2018, their total target remuneration has not increased, although, during this period the BBVA Group has undergone a profound transformation and a very positive evolution, with record results, which have far exceeded the objectives set.

In any case, the new Policy not only seeks to keep in line with this transformation and recognize this performance, but also to align BBVA's remuneration competitiveness with the reality of the market to ensure that the Group has the leadership and levers necessary to execute its strategy. All of it, in a highly demanding environment, marked by technological disruption and the entry of new competitors in all markets, which create a severe competition for talent at a global level.

To this end, it has been deemed fitting to implement a scheme designed to retain and motivate executive directors, further reinforcing the link between their variable remuneration and results and long-term value creation, in line with the suggestions and preferences expressed by our shareholders and investors.

In this framework, as part of the reflection for the improvement and evolution of the Policy, the Remuneration Committee has carried out an in-depth analysis of both the market context and the environment of the banking business, as well as the performance and situation of the Group, the remuneration scheme of directors and the remuneration that the entities that make up the BBVA comparison group for remuneration purposes ("Peer Group") have established, including the remuneration increases that they have implemented in recent years.

Likewise, the Remuneration Committee has taken into account the feedback that BBVA has received through its interaction with its shareholders, investors and other stakeholders. This interaction enables the Bank to engage in a dialogue in which reflections, views and interests are shared, helping to identify market expectations and the expected direction of developments in the Institution's remuneration policy, and which has also prompted the introduction of the changes outlined below.



BBVA Group performance and results

While the amounts of the target remuneration of executive directors have remained unchanged over the last seven years (without prejudice to the redeployment of concepts carried out in the case of the Chair in the policy approved in 2021), the BBVA Group has performed excellently in the last strategic cycle (2021-2024), consistently exceeding the established objectives, which has been reflected in the positive evolution of results and of the key metrics of value creation, profitability and efficiency, among others, as well as on the BBVA share price performance.

Specifically, for the period 2021-2024, shareholder value, measured through Tangible Book Value per share, recorded a compound annual growth rate (CAGR) of 18.1%, doubling the expected target, and, in terms of profitability and efficiency, at the end of 2024, the ROTE stood at 19.7% and the Efficiency Ratio at 40%.

Likewise, in this period, the Group's business acquisition capacity has been strengthened with an increase of the base of new Target Customers, reaching, on a cumulative basis, more than 14 million new customers at the end of 2024. Additionally, the Bank had channeled, as of year-end 2024, a cumulative total since 2018 of 304,000 million euros of sustainable business, exceeding, even earlier, the channelling target of 300,000 million euros set for 2025.

Meanwhile, the evolution of the Total Shareholder Return (TSR) in the 2021-2024 period has been equally positive, reaching 201% for BBVA, compared to 149% for the Euro Stoxx Banks.

New Strategic Plan 2025-2029

The Board of Directors has approved a new Strategic Plan of the BBVA Group for the period 2025-2029, with ambitious long-term objectives to boost growth and sustainable value creation.

The new remuneration scheme incorporates an increase in the variable element of remuneration and, in particular, in the long-term variable component. This reinforcement of remuneration linked to results constitutes a key lever to promote the new Strategic Plan for the next four years, coinciding with the period of application of the new Policy.

Transformation of the banking business, external competitiveness and retaining talent

The market context and the operating environment of the banking business have undergone a profound transformation in recent years. We are facing an increasingly competitive environment, with a banking business subject to greater structural demands derived from the entry of new competitors, technological disruption, marked by Artificial Intelligence, and the acceleration of transformation processes, with new emerging risks (such as cybersecurity or geopolitical risks, among others); which translate into new challenges and opportunities for the banking industry and a greater need for capabilities for carrying out the duties of executive directors.

This setting has strained the global market for managerial talent, increased its competitiveness, and confirmed a growing competition for international profiles that combine solid financial and management experience with technological transformation and non-financial risk management capabilities. All this has made remuneration in the banking sector considerably more competitive.

In particular, there has been a general upward trend in the remuneration of senior executives in the sector, which has generated an increasingly competitive market to attract and retain talent.

Specifically, in the Peer Group of BBVA for remuneration purposes, in the last seven years, there has been an average increase¹ in fixed remuneration of 9% and of 26% in total target remuneration.

The Peer Group of BBVA for remuneration purposes, which has remained stable for the last few years, is composed of 14 banking entities that are considered to best compare with BBVA in terms of size, business, activity and regions and markets in which it operates: Banco Santander, Caixabank, BNP Paribas, Société Générale, Barclays, HSBC, Lloyds Banking Group, Deutsche Bank, Commerzbank, Unicredito Italiano, Intesa San Paolo, ING Group, Scotiabank and Banorte.

These entities are banking groups that either have a good domestic positioning, in markets relevant to the BBVA Group, or are banking groups with geographical diversification that, in many cases, include a relevant presence in emerging countries, Latin America and/or the United States. Likewise, these entities have a balance sheet size and/or a business model similar to that of BBVA, with a relevant weight of the retail business in general, and/or are committed to technology and innovation as a strategic priority.

BBVA is a bank that competes for executive talent at a global level, which requires competitive remuneration systems, aligned with the market and comparable to those of other large financial institutions.

For the reasons set forth above, over the last seven years, since the appointment of the Chair and the Chief Executive Officer, during which their target remuneration has not been updated, the evolution of the market in the remuneration field has led to the remuneration of BBVA's executive directors being significantly below the median of the Peer Group, even though, in terms of market capitalization, income level, number of employees and volume of total assets, the size of BBVA is in line with the median of this group of peer institutions. In the opinion of the Remuneration Committee, this requires reconsideration, as it understands that BBVA's remuneration positioning should also be around the market median.

Specifically, in comparative terms, the current remuneration of the Chair and the Chief Executive Officer, taking the Peer Group median (50th percentile) as a reference, stands at the 41st percentile and the 35th percentile, respectively.

All of this, has led to the conclusion that an update of executive directors' remuneration is necessary for the purposes of ensuring that it remains competitive in the current market context and suitable for the professionals that the Bank needs to lead the new strategic cycle.

¹ Excluding Banorte.

The update established in each case has been determined seeking a structure in which the weight of long-term variable remuneration and other elements, such as the proportion of variable remuneration in shares, are increased, with the objective of achieving greater alignment of the executive directors' interests with those of the shareholders, and serving as an element of motivation and retention, while also taking into account the profile, the trajectory and the responsibilities and functions performed by each executive director, as well as their positioning in relation to the Peer Group, with the aim of ensuring competitiveness.



Strengthening alignment with prudent and effective risk management

Additionally, with the aim of achieving stronger alignment with prudent and effective risk management, it has been considered appropriate to introduce a new *ex ante* adjustment to the annual variable remuneration of executive directors, which will be equally applicable to the rest of the Group's workforce.

Specifically, for the accrual and award of the annual variable remuneration, in addition to the profit and capital ratio thresholds required to date, a new liquidity threshold shall be reached. This enhances the link between variable remuneration and the main solvency and liquidity metrics of the Group's Risk Appetite Framework.



Conditions of remuneration and employment of the workforce

Everyone who is part of the BBVA team plays a key role in executing the strategy, which requires a team that is proud to be part of BBVA and that connects with its purpose and values.

Therefore, the Remuneration Committee and Board of Directors are aware that it is essential for directors to have a remuneration policy that is competitive, adequate to reward their level of responsibility and professional career, capable of attracting and retaining the best professionals, and that, taking into account the conditions of the rest of the workforce, incorporates the specifics that are necessary to reflect the impact of their decisions, their high degree of responsibility and the complexity of the functions they perform. In this respect, the BBVA Directors' Remuneration Policy is suitably aligned with the general principles underpinning the BBVA Group's General Remuneration Policy.

The proposed update for executive directors seeks to align remuneration with the reality of the market, to maintain external competitiveness, and with the responsibilities and complexity of the functions performed, as an element for attracting and retaining talent.

3.3. Details of new updates

All of the above has led the Remuneration Committee to submit to the Board of Directors the proposal for the modifications set out below, which it has considered most appropriate, taking into account the considerations set out above, and which have been incorporated into the Policy proposal submitted to the Board for submission to the consideration of the Annual General Meeting of Shareholders for the financial year 2026.

Thus, in line with best practices and the suggestions of our shareholders and investors, to reinforce the linkage of remuneration with results and boost the new Strategic Plan 2025-2029 and long-term value creation, it has been considered appropriate to incorporate an **update of the remuneration scheme for executive directors**.

Specifically, **the remuneration scheme is modified to give greater weight to the long-term incentive in the annual variable remuneration** of executive directors, **and the proportion of variable remuneration in shares or instruments linked to shares** is increased, with the objective of prioritizing long-term value creation and reinforcing alignment with the interests of shareholders and investors.

Likewise, **the proportion of target variable remuneration is increased, which now represents 57% of the target remuneration²**, and continues to maintain an appropriate balance with the fixed components of the remuneration.

In line with the above, the annual target variable remuneration amounts are updated by 15% in the case of the Chair and 38% in the case of the Chief Executive Officer and, to a lesser extent, the fixed remuneration³, is updated by 5% in the case of the Chair and 1% in the case of the Chief Executive Officer.

Accordingly, in both cases the update is mainly placed on the variable component of the remuneration of the executive directors and, in particular, on long-term variable remuneration, most notably in the case of the Chief Executive Officer, as the individual with ultimate responsibility for the day-to-day management of the Group's business.

Additionally, the **fixed allowances** that both executive directors had, respectively, under the previous policy, **are integrated into their annual fixed remuneration**, for greater simplicity of their remuneration scheme, in response to the suggestions made by our shareholders and investors; and in the case of the **Chief Executive Officer, the percentage of fixed annual remuneration for Cash in lieu of pension** (annual amount in cash he is entitled to receive in place of a retirement pension) is lowered to **25%** (compared to 30% under the previous policy), to ease the effect of the inclusion of his former mobility allowance in the annual fixed remuneration.

² For these purposes, the target remuneration of the executive directors comprises the annual fixed remuneration and the annual target variable remuneration.

³ For these purposes the fixed remuneration includes the annual fixed remuneration and, in case of the Chair, the annual contribution to the social system to cover the retirement contingency and, in case of the Chief Executive Officer, the Cash in lieu of pension.

These changes represent, in total terms, an **update of the total target remuneration of executive directors of 10% in the case of the Chair and 17% in the case of the Chief Executive Officer**, placing them in a position closer to the median of the Peer Group of BBVA (48th and 43rd percentiles, respectively), with the overall objective of strengthening long-term value creation and alignment with our shareholders and investors' interests, as well as, at the same time, ensuring competitiveness.

In any event, the maximum amount of the annual variable remuneration continues to be limited to 150% of the target annual variable remuneration, a limit marked on the scales for achieving objectives, without any change having been made to the Policy in relation to this maximum limit.

Likewise, in order to strengthen the alignment of remuneration with prudent and effective risk management and a greater link with the Risk Appetite Framework, **a new liquidity threshold is introduced for the accrual of the annual variable remuneration** of executive directors, (as an *ex ante* adjustment) in addition to the existing profit and capital ratio thresholds, which will be equally applicable to the rest of the Group's workforce.

Lastly, **other technical improvements** have been incorporated into the Policy to further enhance its transparency and comprehensibility.

Regarding the **remuneration scheme for non-executive directors**, this **remains unchanged** with respect to the provisions of the previous policy.

For the analysis of the convenience of incorporating these developments into the Policy, the Committee has relied on the independent expert advice of **WTW, for market analysis and comparisons and on the legal advice of the law firm J&A Garrigues, S.L.P, which issued an opinion concluding on the lawfulness of the Policy**, which was analyzed by the Remuneration Committee and the Board of Directors.

3.4. Conclusions

In accordance with the foregoing, **the Remuneration Committee of the Board of Directors of BBVA considers the amendments proposed to the BBVA Directors' Remuneration Policy to be appropriate**, as they are the result of the continuous reflection, monitoring and analysis carried out by the Committee and the Board of Directors over the last few years and it understands that, in line with best practices, they reinforce the link between remuneration and results, fostering alignment with the interests of shareholders and investors, long-term value creation, and the promotion of the strategy of the BBVA Group.

All of this through a remuneration structure with a greater weight of long-term variable remuneration and other elements, such as the proportion of variable remuneration in shares, aimed at achieving greater alignment of the executive directors' interests with those of the shareholders, and which, in turn, serves as an element of motivation and retention, in an environment marked by disruption in the financial industry and the increasing complexity of the business that requires highly qualified profiles in high demand in the global market.

Likewise, taking into consideration what is set forth in this Report, the Remuneration Committee has concluded that the Remuneration Policy for BBVA Directors for the years 2026, 2027, 2028 and 2029, is in accordance with the applicable regulations and is aligned with adequate and effective risk management.

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Madrid, February 4, 2026.