

Total Tax Contribution in 2020

A report on the economic contribution
made by the BBVA Group

Preamble

“ To bring the age of opportunities to everyone ”

2020 will be remembered for the impact of the COVID-19 pandemic on our lives. A tax year in which BBVA has redoubled its efforts to make its purpose come true, *to bring the age of opportunities to everyone*, exploiting all its capacities to mobilize resources and make them available to those directly affected.

Anchored in a differential way of understanding banking, in which we place people at the center, with their needs and expectations, we believe that BBVA's tax performance should effectively contribute to the development of everyone. For this reason, we understand taxes as an expression of our commitment to the societies in which we operate.

Based on this commitment, and in accordance with our Tax Strategy, BBVA aligns its tax contribution with the creation of value; it incorporates the most demanding international tax standards in its performance; and it focuses its taxation on the protection of Human Rights and the fulfillment of the United Nations Sustainable Development Goals.

In 2020 we have contributed a total of 8,325 million euros in taxes derived from our activity in all the markets in which we operate, including taxes borne by the Group and those collected for public coffers on behalf of third parties.

For us, being transparent in tax matters is the best way to make our commitments visible, verifiable and assessable by third parties. For this reason, BBVA has voluntarily made public all the relevant tax information for our stakeholders and society as a whole, through global tax contribution reports such as the one we now present.

In this regard, in recent years there have been public initiatives in the field of standardization of tax information such as that carried out by the Global Reporting Initiative through GRI 207; or the proposals towards common and consistent metrics in the sustainable value creation report presented at the World Economic Forum (Davos) by the International Business Council (IBC). All of them promote the need for multinationals to acquire new commitments in tax transparency, as well as to increase the comparability and enforceability of concrete and measurable results.

BBVA's global tax contribution reports have already been collecting all the information that is demanded today, so these initiatives consolidate the work carried out and encourage us to continue deepening our exercise of transparency.

In the same way, we have tried to improve the accessibility of all the Group's tax information by increasing the disclosures that we make in the Report, and by incorporating, with plain and clear language, the progress made on governance and tax risk management.

Preamble ('cont)

At BBVA we want to lead by example, and for this reason, we actively promote and participate in initiatives such as the European Business Tax Forum, committed to spreading best practices in tax transparency among the business community. Likewise, as a financial group, we promote tax compliance of our stakeholders and actively collaborate with the Tax Authorities in the maintenance of public coffers.

Responsibility, transparency and sustainability are the hallmarks of BBVA in the management of taxes. We believe that the figures that we now detail are a true reflection of this, and we are convinced that behind them, there are new opportunities for all.



“ At BBVA we believe in responsible taxation as part of our commitment to society. In 2020, our global tax contribution amounted to 8,325 million euros in taxes derived from our activity, including taxes borne by the Group and those collected for public coffers on behalf of third parties. These taxes are a reflection of our commitment to the communities in which we operate with an aim to support their sustainable development and inclusive growth. This is aligned with our purpose: "To bring the age of opportunity to everyone."

Carlos Torres Vila. BBVA Group Executive Chairman

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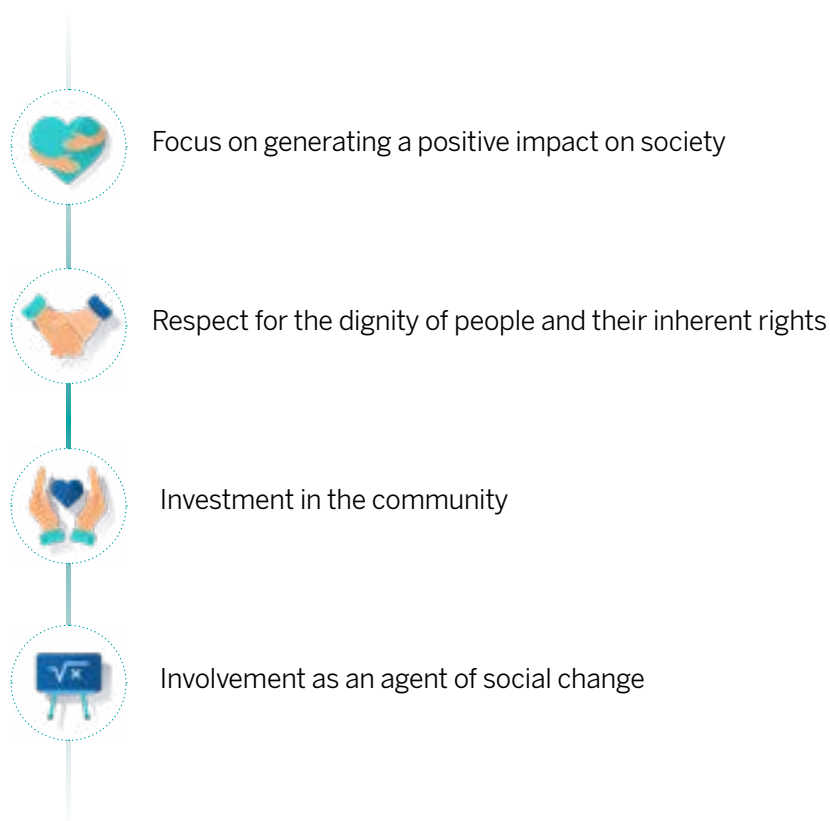
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Tax principles

1. BBVA, a global entity that believes in sustainable finance to build a better world

BBVA has a differential way of banking based on its Purpose "*to bring the age of opportunities to everyone*", always acting in accordance with its corporate values, with the aim of generating a positive impact on the lives of people, companies and society as a whole. It is a commitment to **responsible banking** and to the creation of long-term value, shared with all stakeholders (customers, employees, shareholders, suppliers, regulators/supervisors, and community).

It is based on the following specific principles set out in its General Corporate Social Responsibility Policy approved by the Board of Directors on December 22, 2020.



These Principles are integrated into BBVA's activity in relation to all its stakeholders and are deployed in the following areas: environment, tax responsibility, prevention of illegal conduct and corruption, commitment to Human Rights and participation in international initiatives.

As part of BBVA's commitment to the communities in which it is present and in line with its purpose “to bring the age of opportunities to everyone”, BBVA endorsed the **Principles for Responsible Banking** at the United Nations General Assembly on September 22, 2019.

These principles, promoted by the United Nations Environment Programme Finance Initiative (UNEP FI) and about thirty financial institutions, including BBVA, are intended to specify the role and responsibilities of the banking industry in creating a sustainable future, through an effective and measurable commitment to the Sustainable Development Goals approved by the UN and to the Paris Climate Agreement of 2015.



Accordingly, and on the same date, BBVA joined the **Collective Commitment to Climate Action** to ensure the alignment of its products and services to the fight against the climate emergency. In 2020, BBVA has published its first report on the risks and opportunities of climate change in accordance with the standard of the Task Force Climate-related Financial Disclosure (TCFD).

2020 has been a year marked by the pandemic derived from COVID-19. BBVA's reaction to this crisis has been quick and effective.

- In the first three months alone, 35 million euros were donated, plus an additional 11.2 million euros from employees and customers, encouraged by the Group. These funds have been used to fight the pandemic through 3 lines: buying medical equipment and health care supplies, supporting vulnerable groups and promoting scientific research against COVID-19.
- BBVA's commercial relationships in the Asian market have been key to identifying companies that produce medical equipment and thus speed up and ensure the acquisition of such equipment in record time.
- In addition, BBVA made available to the Spanish Government its logistical capacity to bring medical material from China and to distribute it to Spanish hospitals.
- BBVA has been the first European private financial institution to issue a COVID-19 social bond for 1,000 million euros.



2. Taxation and sustainability

For BBVA, there is a direct relationship between taxation and sustainability.

On the one hand, taxes allow the obtaining of the necessary funds so that, from the public authorities, sustainable policies can be addressed and finance the United Nations Sustainable Development Goals. As the United Nations claims, when designing their tax systems, States must take into account the set of incentives and disincentives that the different tax figures introduce into the markets; and therefore, the potential impact that an adequate tax system can have in terms of sustainability.

On the other hand, and from the point of view of companies as taxpayers, we understand that a sustainable tax system is one that becomes **aware of each and every one of the implications** that its decisions in tax matters may have in environmental terms (with a special attention to green taxation), social terms (aligning value with taxation in the geographies in which it is generated) and corporate governance terms (with a robust and responsible model for the management of its taxation).

Our vision is materialized in a series of procedures, measures and concrete actions that are measurable under the environmental, social and corporate governance metrics, which are detailed throughout this report.



3. Principles guiding BBVA's tax performance

The principles that guide BBVA's tax performance are not unrelated to this **responsible and sustainable** way of understanding finance and banking. At BBVA, we have integrated all the aspects that make up sustainable taxation as part of our identity. Specifically, the General Policy on Corporate Social Responsibility states that "BBVA conducts its business in proper compliance with its tax obligations and avoids any practice that involves the unlawful avoidance of taxes or the detriment of the public treasury". We believe that, in the tax area, alongside a legitimate contribution of value to our investors, our actions must also embrace other stakeholders, and be aligned with our values and with the commitments we have undertaken with society.

Herefore, the principles that guide our actions are as follows:



Integrity

When it comes to tax matters, integrity means the **observance of the letter and spirit of the law** and the maintenance of a cooperative and good faith relationship with the different Tax Administrations.



Prudence

In the tax context, BBVA always **considers in advance** the implications of its decisions, including, among other assessments, the impact that its activity may have on the geographical areas in which it operates.



Transparency

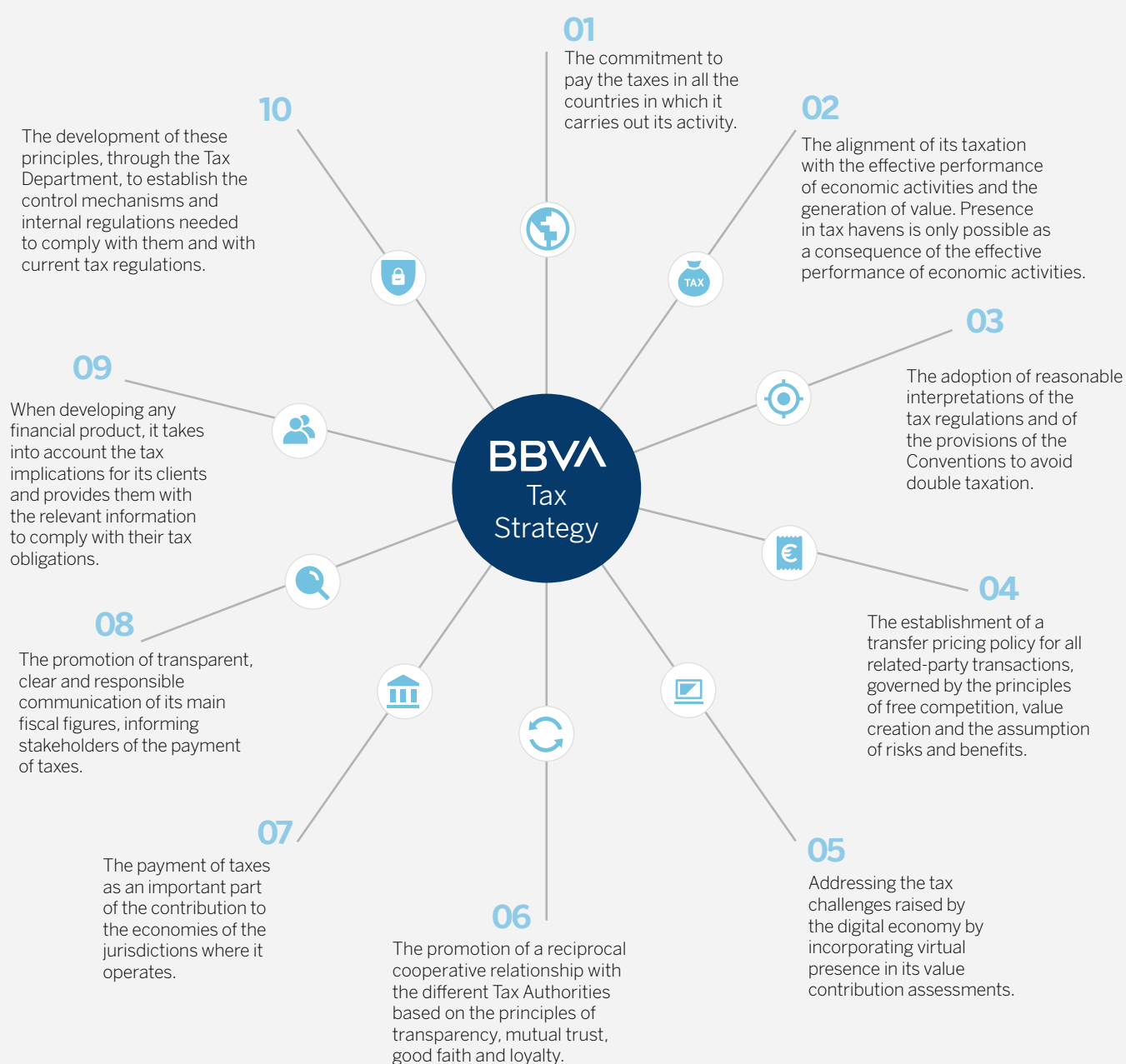
With regard to taxation, BBVA provides customers and other stakeholders with **information** on its activity and its approach to taxation in a **clear and accurate** manner.



4. A tax strategy aligned with BEPS, the sustainable development goals of the United Nations and the protection of human rights

These corporate principles served as a basis in 2015 to articulate BBVA's Tax Strategy, approved by the Board of Directors.

In summary, **BBVA's Tax Strategy** includes the following aspects:



To make this happen, our Tax Strategy has been developed through a body of Tax Policies that apply globally to all the BBVA Group's employees.

Effective compliance with the provisions of the Tax Strategy is duly monitored and supervised by the BBVA Group's governing bodies.

A

A BEPS compliance Tax Strategy

Both the Tax Strategy and the rest of the Tax Policies are inspired by conclusions of the reports of the *Base Erosion and Profit Shifting (BEPS)* project promoted by the G20 and OECD. The aim of these reports is to align value generation with appropriate taxation where such value is produced.

They are committed to complying with and respecting both the letter and the spirit of the tax law in the jurisdictions where the Group operates, in accordance with Chapter XI of the OECD Guidelines for Multinational Enterprises.

B

A Tax Strategy focused on the achievement of the United Nations Sustainable Development Goals

In the same way, our Tax Strategy and Tax Policies are oriented to the achievement of the Sustainable Development Goals of the United Nations. Our vision shares the opinion of the European Economic and Social Committee ECO/494 of 11 December 2019, on taxation, private investment and the United Nations Sustainable Development Goals. For BBVA, the payment of taxes is key to achieving these goals. In particular, it is clearly linked to the first goal (no poverty); the eighth goal (decent work and economic growth); the tenth goal (reduce inequality within and

among countries) and the seventeenth goal (partnerships for the goals), but our commitment extends to all of them.

In this sense, for BBVA, it is not only a matter of contributing the necessary resources in accordance with the law so that Tax Authorities can exercise their policies aimed at fulfilling the Sustainable Development Goals, but we have also adopted a proactive attitude of cooperation with these authorities and we have incorporated responsibility in the tax area as an essential element of our actions in all our activities.



C

A Tax Strategy committed to the protection of Human Rights

Since their adoption by the United Nations Human Rights Council in June 2011, through resolution 17/4, the Guiding Principles on Business and Human Rights have been recognized as the expected standard of conduct of all companies and States in relation to Human Rights.

THESE PRINCIPLES ARE BASED ON THREE PILLARS:

Protect



At BBVA we are concerned with promoting, protecting and ensuring the effective exercise of Human Rights, also in the field of taxation. We have embraced the above mentioned Guiding Principles in our tax operations. Taxation is linked to Human Rights, insofar as, through the redistributive action of States, it enables the economically disadvantaged to be provided with the means to effectively exercise their rights. Additionally, this respect for such rights is relevant in the application of tax regulations and in the relationship with Tax Authorities.

At BBVA we are committed to paying taxes, and we ensure that they are paid in the jurisdictions in which they must be collected, aligning our contribution with

Respect



the effective performance of our economic activity. We also collaborate with the tax administrations of the jurisdictions in which we operate. We maintain transparent, clear and truthful communication on tax matters with various NGO that are also committed to Human Rights, and internally, we participate in the auditing actions for the implementation of the Guiding Principles developed by BBVA Group's Corporate Social Responsibility (CSR) area, and we monitor our performance in the plans that the Group has launched in this regard.

Remedy



5. The BBVA Group and its position regarding tax havens

The Group maintains, as a fundamental part of its principles and values, a firm commitment with the fulfillment of the legality in force in every territory where it develops its activity.

As early as 2004, the Group adopted a policy to limit as much as possible the activities carried out through establishments domiciled in jurisdictions classified as offshore, and initiated a plan to reduce the number of establishments in these jurisdictions. This has led to the elimination of 49 permanent establishments in 7 jurisdictions that could be considered tax havens.

At present, only 4 entities remain in the Cayman Islands, the only territory considered a tax haven under Spanish regulations, and all of them are subject to the Group's supervision and control mechanisms.

As a result of the approval by the European Union of a black list of non-cooperative jurisdictions in tax matters, the BBVA Group monitors those jurisdictions that are included in the aforementioned list within the concept of tax haven.

Finally, the Management Report that accompanies the Consolidated Financial Statements for 2020 of the BBVA Group, provides detailed information of its offshore financial centers.



6. Improvements in tax control and governance

During the last years, the BBVA Group has been configuring and strengthening its Tax Control framework, in order to respond to the different requirements that, in terms of tax transparency and tax responsibility, have been incorporated both by current legislation and by different stakeholders, who have significantly increased their scrutiny of the way in which multinational groups deal with their tax matters.

Therefore, the Tax Control framework implemented by the BBVA Group complies with the requirements introduced for listed companies by...

...Law 31/2014

amending the Capital Companies Act to improve Corporate Governance in the area of fiscal risk control and management.

BBVA's Tax Control framework is configured around three fundamental axes:

- 01.** On an annual basis, specific plans are carried out to identify, mitigate and control fiscal risk at BBVA.
- 02.** Controls for managing tax risk are subject to an annual review cycle by the internal control areas in order to assess their adequacy and effectiveness.
- 03.** The Internal Audit area of the Group conducts periodic reviews of tax compliance.

In this sense, the Group's Audit Committee is periodically informed by the head of the tax function about the relevant tax information.

Likewise, local tax managers also report to their respective governing bodies on the main tax issues affecting their geography.

The following is a brief description of the main aspects on which the BBVA Group's Tax Control framework is based.

Tax Risk Management

The BBVA Group has specific policies and procedures for managing tax risks based on:

- the establishment of an appropriate control environment in tax matters,
- the existence of a system for identifying and controlling tax risks and
- a procedure for monitoring and continuously improving the established controls.

In general, when making decisions on tax matters, the BBVA Group will always adopt well-founded interpretations of the law, and will at all times follow the principles established in the Tax Strategy approved by the Board of Directors. When adopting such decisions, the risk assumed shall be taken into account, depending on the degree of probability that the criteria adopted will be accepted by the Tax Authorities or the Courts, and the corresponding reputational risk, in accordance with the standards defined for such purpose within the BBVA Group.

In this regard, the tax function of the BBVA Group shall take into consideration the following principles:



A **solid technical analysis** must be carried out for each of the tax positions to be adopted.



All relevant facts and background should be **adequately documented**.



The short and long-term tax **implications and consequences** of each tax position adopted, **should be identified**.



The **possible impact** on the reputation and image of the BBVA Group **should be assessed**.

In addition, the Group's Tax Control framework has developed and incorporated a range of tax risk indicators, which are at the same time integrated into the Group's general risk management and control model.

The establishment of these indicators is designed to help the BBVA Group's governing bodies to manage and set the Group's risk profile in tax matters.

BBVA's **Tax Function** monitors and measures these indicators, which enables it to:



IDENTIFY

adequately tax risks.



ASSESS

the impact of the materialization of the tax risks.



DEVELOP

recovery measures that enable dynamic tax risk management.



REPORT

and generate relevant information on the evolution of tax risks for the Group's governing bodies.

Moreover, the Bank has anonymous whistleblowing channels for reporting potential breaches of both its Code of Conduct and its Tax Strategy.

Cooperation with Tax Authorities

BBVA maintains a cooperative relationship with the Tax Authorities of the countries in which it operates. In particular, and with regard to **Spain**, it has endorsed the "Código de Buenas Prácticas Tributarias" (CBPT -Code of Good Tax Practices-) approved by the "Foro de Grandes Empresas" (Large companies Forum) on July 20, 2010, and it is an active member of said Forum.

As a proof of the adherence and compliance with the principles of the CBPT, the Group has filed before the Spanish Tax Authorities the so-called "**Informe Anual de Transparencia Fiscal para Empresas adheridas al CBPT**" ("Annual Report on Tax Transparency for Companies adhering to the CBPT"), together with its Corporate Income tax return of the previous year, thus incorporating into its actions the proposals for reinforcing the good practices of tax transparency among companies adhering to the Code, approved in the plenary session of the "Foro de Grandes Empresas" on December 20, 2016.

In the aforementioned Transparency Report, the main criteria used in the settlement of Corporate Income tax return are voluntarily explained before the Central Delegation of Large Taxpayers and, subsequently, meetings are held with the Tax Authorities in order to go into further details if necessary. All of this is held before the formal start of tax audits.

Likewise, and in order to obtain legal certainty and ensure that its understanding of tax regulations is in accordance with the spirit of the law, BBVA consults with the Tax Authorities those controversial or doubtful aspects, when deemed necessary.

Furthermore, BBVA has adopted the *Code of Practice on Taxation for Banks*, a United Kingdom initiative that describes the approach expected of banks with regard to governance, tax planning and engagement with HMRC (British Tax Authorities).

Since May 2016, BBVA has also been an alternate member of the European Commission's Platform for Tax Good Governance.

7. Our commitment to transparency

BBVA's commitment to transparency in the payment of taxes has led us to voluntarily publish once again this Report. This commitment has been reinforced year by year since we started publishing the data related to 2011.

The data contained in this Report includes the **tax payments** made by the Group during the year ended 31 December **2020** in those countries where we have a significant presence.

We believe that this Report provides to all our stakeholders **the opportunity to understand our tax contribution** and represents a forward-looking approach, as well as a commitment to corporate social responsibility. All of the above taking a leading role in tax transparency.

At BBVA we believe that **we make a quantifiable economic and social contribution** by:



paying dividends to our shareholders,



salaries to our employees and



and tax revenue to the Tax Authorities in the countries where we operate.

At BBVA we not only make **a significant contribution to public administrations** through the payment of our own taxes, but also through the collection of third party taxes generated by the development of our economic activity and through our role as a collaborating entity with the Tax Authorities.



This latter public task, which the BBVA Group develops as a collaborating entity, involves the mobilization of personal and technological resources, the cost of which has not been quantified in this Report.

This Report uses PwC's **Total Tax Contribution (TTC)** methodology, which takes into account all the different taxes that a company pays and manages, including:

- payroll taxes,
- value added taxes (VAT),
- Corporate Income taxes,
- as well as other taxes.

This methodology includes both the **taxes related to the entities of the BBVA Group** (those that entail a cost for them and have an impact on their results); and the **taxes that these entities collect from third parties**.

BBVA's commitment to transparency is not limited to the publication of our total tax contribution. In 2020 we have carried out an important additional exercise of transparency in tax matters for all our stakeholders, which includes, among others, **the following three issues:**

01

The GRI 207 as part of the Management Report

We have integrated the GRI 207 standard into the BBVA Group's non-financial public information.

For the first time, the **Global Reporting Initiative**, whose sustainability performance reporting standards are widely followed by companies, has developed a specific tax standard (the GRI 207), which allows entities to provide comparable information on their tax strategy, governance model and tax risk control framework, as well as their country-by-country reporting.



Although BBVA has traditionally reported on all these aspects, we have adapted our information to the aforementioned standard in order to facilitate comparability and the generation of indicators of our tax performance by third parties.

02

Dow Jones Sustainability Index once again awards BBVA the highest score in the tax area

For the third year in a row, we have been awarded the **highest score in the tax area** by the Dow Jones Sustainability Index (DJSI).

As is well known, the sustainability indices subject the companies that wish to be indexed to a very rigorous process of evaluation and verification of their environmental, social and corporate governance commitments. The DJSI specifically includes an analysis and assessment of these aspects in tax matters, with special attention to those linked to transparency, with the BBVA Group once again achieving the highest score.



03

We reinforce our commitment to promoting transparency

At BBVA, we believe that transparency in corporate tax matters serves to promote a fairer, more inclusive and sustainable world. For this reason, we not only make our tax contribution public, but also actively encourage other companies to follow this path. In this sense, we have promoted those initiatives that help to spread this practice in the business world.

In 2020 we have promoted the publication of a report on the tax contribution of a group of European multinationals by the European Business Tax Forum, with the aim of sharing experiences and leading the path to transparency and responsibility in the tax performance of multinationals.



On the other hand, in Spain, we have participated and collaborated in the development of the report Total Tax Contribution of the Ibex 35 in 2019 by PwC, published in 2020.

All relevant tax information on the BBVA Group is available on our website, where we are incorporating the requests made by the different stakeholders to make it more accessible and clearer. Access [here](#).

Total tax contribution

1. Year 2020 relevant data

The total tax contribution of the BBVA Group to public finances amounted to **€ 8,325 million in 2020**. € 3,288 million corresponds to own taxes and € 5,037 million corresponds to third party taxes.

Of the € 3,288 million of taxes that the Group paid on its own in 2020, €1,556 million corresponds to payments related to Corporate Income tax. This means that 43.51% of the profit before taxes ⁽¹⁾ gained by Group BBVA has been destined to the payment of tax.

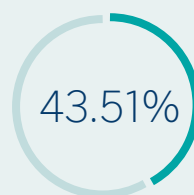
€ 8,325 M
BBVA GROUP
TO PUBLIC FINANCES

 **OWN TAXES**
€ 3,288 M

 **THIRD PARTY TAXES**
€ 5,037 M

€ 3,576 M

PROFIT BEFORE
CORPORATE INCOME TAX



> € 1,556 M

CORPORATE
INCOME TAX PAID

OWN AND THIRD PARTY TAXES VS BBVA GROUP'S TURNOVER

If we compare the total tax contribution made by the Group BBVA to the public finances in 2020 (€ 8,325 million) with the generated turnover (€ 22,973 million), we can say that for every €100 of the turnover earned by the BBVA Group during 2020, the Group has paid €36 in taxes. Of these € 36:

- € 14 are taxes paid on its own behalf.
- € 22 are taxes paid on behalf of third parties.

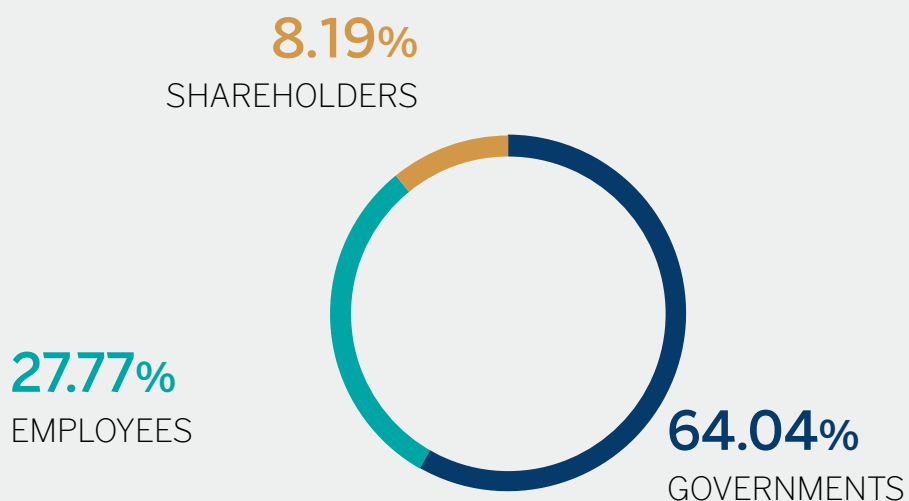
(1) In this regard, it should be noted that the balance of profit before taxes includes the figures obtained throughout 2020 from the United States business unit whose sale was announced at the end of 2020 and which, for the purposes of the Group's financial statements, has been classified under profit or loss from discontinued operations. Likewise, the profit before tax includes the impairment recorded by the Group on the goodwill of the banking business in the United States which, for the purposes of the Group's financial statements, has also been classified under gains or losses from discontinued operations.

OWN AND THIRD PARTY TAXES AND ITS CONNECTION WITH THE BBVA GROUP'S CONTRIBUTION TO SOCIETY

As mentioned above, BBVA makes an economic and social contribution by paying own and third party taxes to Governments, dividends to our shareholders and salaries to our employees.

In this sense, 64.04% of the economic contribution made by BBVA to society corresponds to both own taxes and third party taxes; while 27.77% corresponds to salaries paid to our employees and 8.19% to those dividends paid to our shareholders.

ECONOMIC CONTRIBUTION MADE BY THE BBVA GROUP TO SOCIETY IN 2020



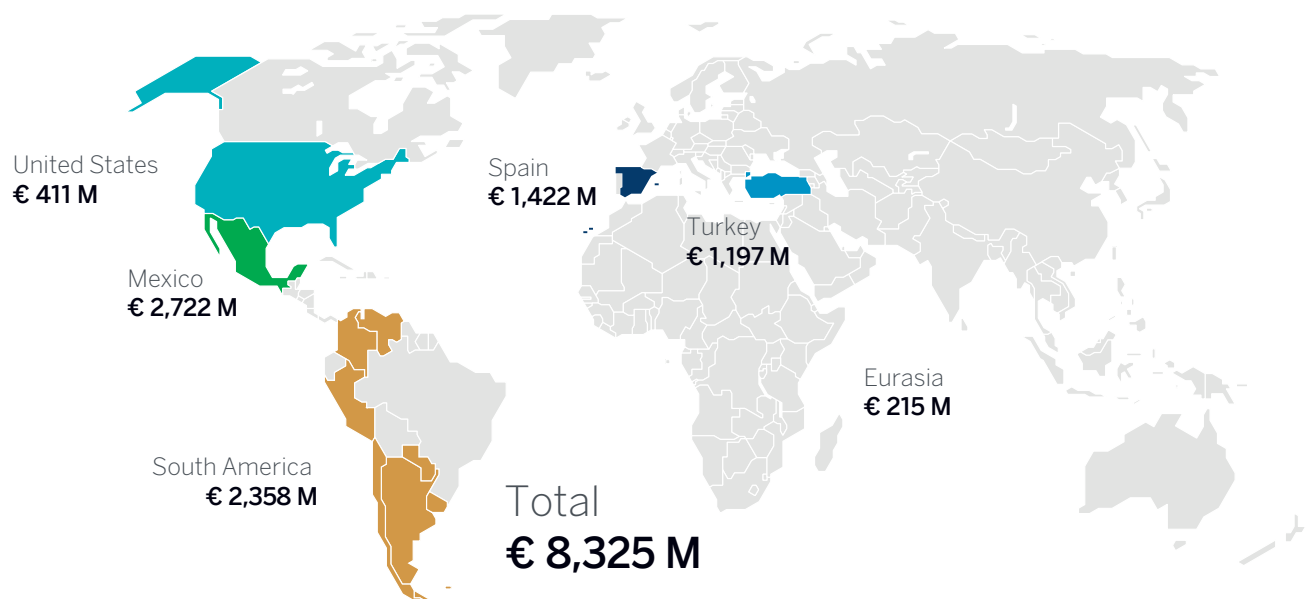
2. How many taxes has BBVA paid in 2020?

BBVA is a global financial group founded in 1857. It employs more than 123,000 people in 30 countries around the world. It has over 80 million customers and more than 879,000 shareholders.

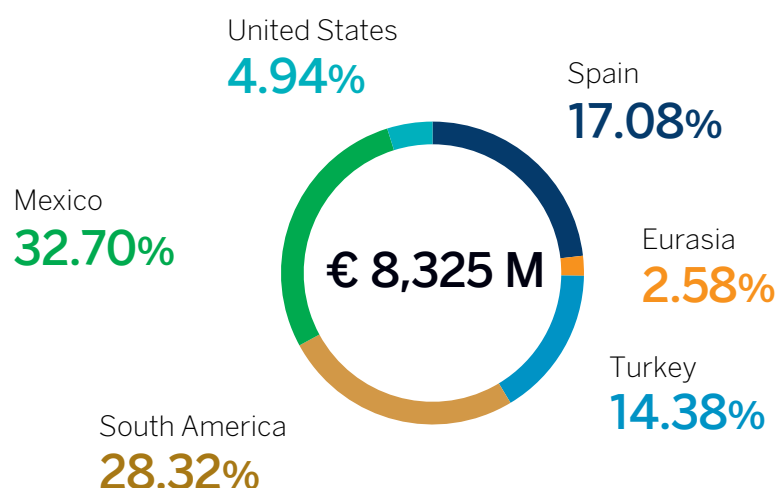
BBVA has a strong leadership position in the Spanish market and is the largest financial institution in Mexico. It has leading franchises in South America and the Sunbelt region of the United States. Additionally, it is also the leading shareholder in Turkey's Garanti BBVA and it operates an extensive branch network worldwide.

This adequate **balance between emerging and developed economies** provides revenue diversification and, as a result, higher earnings recurrence.

The following chart shows the total tax payments made by the Group during year 2020 by geographical areas:



Our main revenues come from Spain, Mexico, Turkey and South America; that is why our tax payments are higher in those locations.



Below is a breakdown of the BBVA Group's own and third-party taxes paid in each jurisdiction during 2020:

Country	Own taxes	Third party taxes	Total
Spain	111	1,311	1,422
Belgium	0	1	1
Cyprus	7	3	10
Finland	2	2	4
France	18	1	19
Germany	27	6	33
Hong Kong	8	0	8
Italy	11	4	15
Malta	8	0	8
Netherlands, The	10	6	16
Portugal	15	21	36
Romania	10	19	29
Singapore	1	0	1
Switzerland	10	5	15
United Kingdom	10	10	20
Eurasia	137	78	215
Turkey	548	649	1,197
Argentina	278	1,198	1,476
Bolivia	4	4	8
Chile	22	10	32
Colombia	176	288	464
Curacao	0	1	1
Paraguay	5	9	14
Peru	199	91	290
Uruguay	29	20	49
Venezuela	2	22	24
LATAM	715	1,643	2,358
Mexico	1,575	1,147	2,722
United States	202	209	411
Total	3,288	5,037	8,325

€ 8,325 million of taxes paid by the BBVA Group in 2020

3. Type of taxes paid by the BBVA Group in 2020

The table below shows in detail the different types of taxes that the BBVA Group has paid throughout the year 2020 in those jurisdictions where it operates.

Under “other taxes” section are included those taxes levied on banking activity and financial transactions. These taxes, which are specific to the sector, have been increasing sharply in recent years.

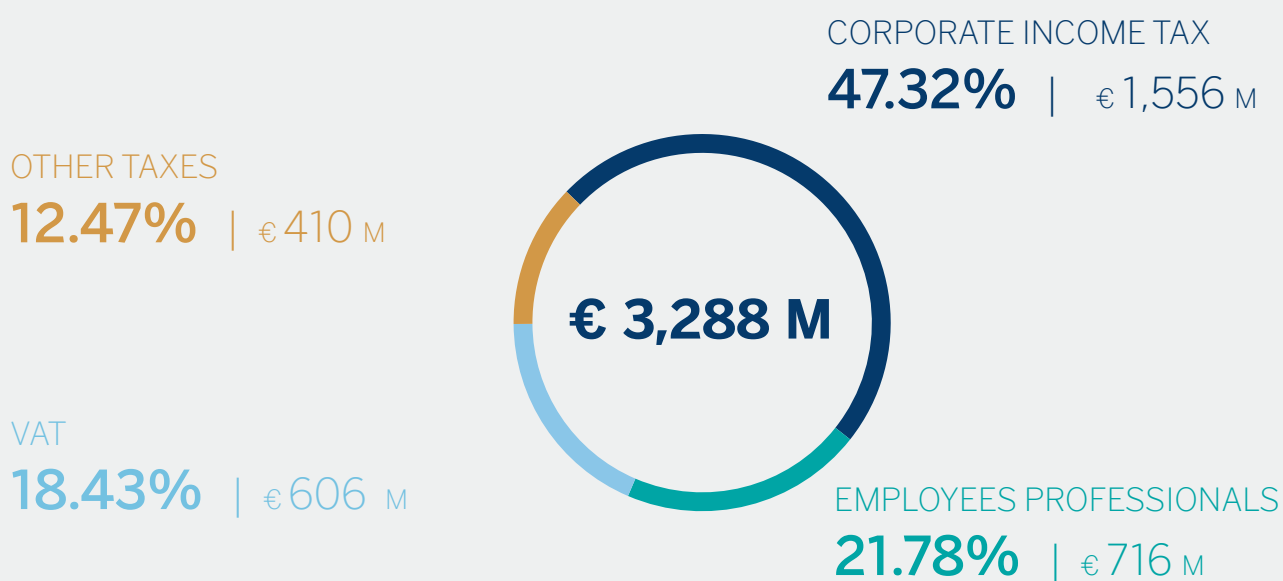
Country	CIT	Employees/ professionals	Other taxes	VAT	Total own taxes	Withholding in Income tax	Employees/ professionals	Other taxes	VAT	Total third party taxes	Total
Spain	-699	382	172	256	111	454	697	36	124	1,311	1,422
Belgium	0	0	0	0	0	0	1	0	0	1	1
Cyprus	7	0	0	0	7	1	1	1	0	3	10
Finland	0	1	0	1	2	0	2	0	0	2	4
France	13	4	0	1	18	0	1	0	0	1	19
Germany	26	1	0	0	27	1	5	0	0	6	33
Hong Kong	8	0	0	0	8	0	0	0	0	0	8
Italy	8	2	0	1	11	0	3	1	0	4	15
Malta	8	0	0	0	8	0	0	0	0	0	8
Netherland, The	7	2	0	1	10	0	7	0	-1	6	16
Portugal	5	5	0	5	15	1	7	10	3	21	36
Romania	8	1	0	1	10	1	13	0	5	19	29
Singapore	1	0	0	0	1	0	0	0	0	0	1
Switzerland	9	1	0	0	10	0	2	3	0	5	15
United Kingdom	5	3	1	1	10	0	10	0	0	10	20
Eurasia	105	20	1	11	137	4	52	15	7	78	215
Turkey	348	74	40	86	548	152	120	365	12	649	1,197
Argentina	137	30	106	5	278	89	17	927	165	1,198	1,476
Bolivia	3	1	0	0	4	0	1	0	3	4	8
Chile	19	0	0	3	22	0	2	3	5	10	32
Colombia	104	22	25	25	176	53	20	165	50	288	464
Curacao	0	0	0	0	0	0	1	0	0	1	1
Paraguay	3	1	1	0	5	0	2	0	7	9	14
Peru	156	7	11	25	199	1	31	13	46	91	290
Uruguay	12	7	7	3	29	2	14	0	4	20	49
Venezuela	0	0	1	1	2	0	0	22	0	22	24
LATAM	434	68	151	62	715	145	88	1,130	280	1,643	2,358
Mexico	1,250	115	29	181	1,575	252	207	0	688	1,147	2,722
United States	118	57	17	10	202	4	205	0	0	209	411
Total	1,556	716	410	606	3,288	1,011	1,369	1,546	1,111	5,037	8,325

4. Which type of own taxes has the BBVA Group paid in 2020?

The chart shows the distribution of the **€3,288 million of own taxes paid** by the BBVA Group in 2020.

Corporate Income tax is the largest payment, €1,556 million, representing 47.32% of the total tax payments made by the Group BBVA on its own in 2020.

Value-added tax accounts for 18.43%, **employee and professional taxes** for 21.78% and **other taxes** for 12.47% which include, among others, real estate taxes, trade tax and local taxes.



Financial Statements

1. “Informe bancario anual” in 2020

The BBVA Group has been publishing since 2014 the “Informe bancario anual” Report as Appendix XIII of the Group's Consolidated Financial Statements. This statement is made for the purposes of the provisions of article 89 of Directive 2013/36/EU of the European Parliament and of the Council of 26 June (on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms- CRD IV-); which was transposed to Spanish law through Law 10/2014 of June 26, on regulation, supervision and solvency of credit institutions.

CRD IV requires financial institutions to report their Corporate Income tax payments in each of the jurisdictions in which they operate together with their turnover, number of employees and business activity.

APPENDIX XIII. Information in accordance with article 89 of Directive 2013/36/EU of the European Parliament and its application to Spanish Law through Law 10/2014

December 31, 2020 (Million of Euros)

Country	CIT payments cash basis (**)	CIT expense consol	PBT consol (*)	Gross Income	Nº employees (*)	Activity	Main entity
Mexico	1,250	721	2,491	6,798	36,853	Finance, banking and insurance services	BBVA Bancomer S.A.
Spain ⁽¹⁾⁽²⁾	(699)	(7)	(2,108)	5,732	29,330	Finance, banking and insurance services	BBVA S.A.
Turkey	348	362	1,394	3,298	20,357	Finance, banking and insurance services	Garanti BBVA AS
United States	118	85	551	3,165	10,883	Finance and banking services	BBVA USA
Peru	156	91	325	1,149	6,204	Finance and banking services	BBVA Banco Continental S.A.
Colombia	104	77	249	911	6,592	Finance, banking and insurance services	BBVA Colombia S.A.
Argentina	137	81	205	732	6,052	Finance, banking and insurance services	Banco BBVA Argentina S.A.
Uruguay	12	8	37	146	590	Finance and banking services	BBVA Uruguay S.A.
Chile	19	8	32	132	696	Financial services	Forum Servicios Financieros, S.A.
Romania	8	4	27	103	1,199	Finance and banking services	GBR Garanti Bank SA
Portugal	5	14	42	100	447	Finance and banking services	BBVA - Portugal Branch Office
Malta	8	4	66	83	13	Banking services	Garanti -Valletta Branch Office
Italy	8	20	65	77	51	Banking services	BBVA -Milan Branch Office
United Kingdom	5	3	40	76	118	Banking services	BBVA -London Branch Office
Paraguay	3	3	26	68	430	Finance and banking services	BBVA Paraguay S.A.
France	13	3	14	64	68	Banking services	BBVA -Paris Branch Office
Netherlands	7	7	23	59	236	Finance and banking services	Garantibank BBVA International N.V.
Hong Kong	8	5	31	55	80	Banking services	BBVA -Hong-Kong Branch Office
Venezuela	-	7	8	44	1,996	Finance, banking and insurance services	BBVA Banco Provincial S.A.
Switzerland	9	3	11	42	113	Finance and banking services	BBVA (Switzerland) S.A.
Germany	26	8	24	40	43	Banking services	BBVA -Frankfurt Branch Office
Cyprus	7	4	16	28	103	Banking services	Garanti -Nicosia Branch Office
Bolivia	3	3	12	28	476	Pensions	BBVA Previsión AFP SA
Singapore	1	2	11	14	10	Banking services	BBVA -Singapur Branch Office
Belgium	-	-	4	7	22	Banking services	BBVA -Brussels Branch Office
Curaçao	-	-	2	5	16	Finance and banking services	Banco Provincial Overseas N.V.
Taiwan	-	-	1	5	11	Banking services	BBVA -Taipei Branch Office
Brasil	-	-	2	4	6	Financial services	BBVA Brasil Banco de Investimento, S.A.
China	-	-	1	4	26	Financial services	BBVA -Shanghai Branch Office
Finland	-	-	(26)	3	125	Financial services	Holvi Payment Service OY
Japan	-	-	-	1	3	Banking services	BBVA -Tokio Branch Office
Ireland	-	-	-	-	-	Financial services	BBVA Ireland PCL
Total	1,556	1,516	3,576	22,973	123,149		

(1) The balance of "Profit before tax", "Corporate tax expense" and "Gross Margin" includes €413,€57 and €2,807 million respectively from the banking business in the United States classified under the heading "Profit (loss) after taxes from discontinued operations".

(2) The balance of "Profit (loss) before taxes" includes in Spain the impairment of Goodwill in the United States for €2,084 million, which in the income statement is classified under the heading of "Profit (loss) after taxes from discontinued operations".

(*) Full time employees. The 15 employees of representative offices are not included in the total number.

(**) In "CIT payments cash basis", the methodology for calculating advance payments of the annual tax return provided for in Corporate Income Tax legislation, may lead to differences between the advance payments made in the current year and the refund of those advance payments made in previous years resulting once the annual corporate income tax return has been submitted. As a result of these differences, there has been a net cash refund. The amount of "Profit before taxes" includes Corporate Center.

2. Country by country reporting

In 2020 we have adapted the tax information that we voluntarily publish to the specific standard developed by the Global Reporting Initiative (the GRI 207) in order to facilitate comparability and the generation of indicators of our performance by third parties.

The GRI 207 standard allows entities to provide comparable information on their tax strategy, governance model and tax risk control framework, as well as their country-by-country reporting.

The country-by-country reporting below can also be found in the 2020 Management Report.

/ SPAIN



Consolidated
gross margin

5,732

Profit (loss)
before CIT ⁽²⁾

-2,108

CIT payment
(cash basis) ⁽³⁾

-699

CIT accrued
(current year)

-7

Number of
employees

29,330

Banking activity in Spain is mainly carried out through BBVA, S.A., which has a twofold dimension: on the one hand, it is the head of banking business in Spain and, on the other, it is the parent company/holding company of the BBVA Group.

The main segments of activity developed in Spain include commercial and SME banking, as well as insurance and CIB activities.

Spain's perimeter of consolidation can be consulted in Appendix I of the Consolidated Financial Statements.

In general terms, Spanish companies form a tax group, constituting for this purpose a single taxpayer for Corporate Income tax. The nominal tax rate in Spain is 30%. However, there are certain effects and peculiarities of a tax and accounting nature due to the aforementioned twofold dimension that may cause the effective tax rate to be different.

In this respect, the most significant issue is the impairment recorded in relation to the goodwill of the business unit in the United States, which does not have an associated credit to the Corporate Income tax expense.

(2) The balance "Profit (loss) before Corporate Income tax (CIT)" includes the €2,084 million goodwill impairment of the United States, which is classified in the line "Profit (loss) after tax from discontinued operations" in the income statement.

(3) It arises from the methodology of calculating advance payments of the annual tax return provided for in Corporate Income tax legislation, which may lead to differences between the advance payments made in the current year and the refund of those advance payments made in previous years resulting once the annual Corporate Income tax return has been submitted. As a result of these differences, there has been a net cash refund.

/ MEXICO

Consolidated
gross margin

6,798

Profit (loss)
before CIT

2,491

CIT payment
(cash basis)

1,250

CIT accrued
(current year)

721

Number of
employees

36,853

The BBVA Group's operations in Mexico are conducted through the BBVA Mexico Group, which is the country's leading financial institution and one of the driving forces behind the BBVA Group. Its main segments of activity include commercial and SME banking, insurance and CIB activities.

Mexico's perimeter of consolidation can be consulted in Appendix I of the Consolidated Financial Statements.

The nominal tax rate in Mexico is 30% and its effective tax rate is very similar. In this respect, there are certain effects and peculiarities of a tax and accounting nature that may cause its effective tax rate to differ from 30%, the most significant being the tax adjustment for inflation that contributes to the fall in the tax rate.

/ UNITED STATES



Consolidated
gross margin ⁽⁴⁾

3,165

Profit (loss)
before CIT

551

CIT payment
(cash basis)

118

CIT accrued
(current year)

85

Number of
employees

10,883

The BBVA Group's operations in the United States have been conducted, firstly, through BBVA USA, based in the Sunbelt region of the United States, with its main segments of activity being commercial and corporate banking, as well as CIB activities. On the other hand, operations are also conducted through the New York branch, which focuses on investment banking.

The perimeter of consolidation of the United States can be consulted in Appendix I of the Consolidated Financial Statements.

The companies in the United States form a tax group and, in this sense, represent a single taxpayer for Corporate Income tax purposes. The nominal tax rate applicable to BBVA in the United States considering the aggregation of the federal and state taxes is approximately 23.8%.

The effective tax rate is lower than the nominal rate, to the extent that there are certain significant peculiarities of a tax and accounting nature. In this sense, the main effect that impacts the tax rate of the United States is the exemption of interest on United States government securities, which has had a very significant weight in the profit before Corporate Income tax, due to the 2020 economic context.

Regardless of the above, BBVA reached an agreement for the sale of the business unit in the United States, which is expected to be executed in 2021. The profit before Corporate Income tax, and the accrued Corporate Income tax that is reflected in the previous table, include the business unit object of the transaction.

(4) "Gross income", "Income before tax", "Corporate Income Tax accrued" includes €2,807m, €413m and €57m respectively from the banking business in the United States classified under "Profit (loss) after tax from discontinued activities".

/ ARGENTINA



Consolidated
gross margin

732

Profit (loss)
before CIT

205

CIT payment
(cash basis)

137

CIT accrued
(current year)

81

Number of
employees

6,052

The BBVA Group's operations in Argentina are conducted through BBVA Argentina, one of the country's leading financial institutions. The main segments of activity include commercial and SME banking, as well as insurance and CIB activities.

Argentina's perimeter of consolidation can be consulted in Annex I of the Consolidated Financial Statements.

The nominal tax rate in Argentina is 30%. Generally speaking, Argentina's tax rate should be close to its nominal rate. However, its status as a hyperinflationary economy and the consequent restatement of its financial statements significantly distort the country's tax burden.

/ COLOMBIA



Consolidated
gross margin

911

Profit (loss)
before CIT

249

CIT payment
(cash basis)

104

CIT accrued
(current year)

77

Number of
employees

6,592

The BBVA Group's operations in Colombia are conducted through BBVA Colombia, one of the country's leading financial institutions. Its main segments of activity include commercial and SME banking, as well as insurance and CIB activities.

Colombia's perimeter of consolidation can be consulted in Annex I of the Consolidated Financial Statements.

The nominal tax rate in Colombia is 36% (financial sector), while the effective tax rate is somewhat lower. In this sense, there are certain fiscal effects and peculiarities (such as exempt income) that may cause the effective tax rate to differ from the nominal tax rate.

/ PERU



Consolidated
gross margin

1,149

Profit (loss)
before CIT

325

CIT payment
(cash basis)

156

CIT accrued
(current year)

91

Number of
employees

6,204

The BBVA Group's operations in Peru are conducted through Banco Continental, S.A., one of the country's leading financial institutions. The main segments of activity include commercial and SME banking, as well as insurance and CIB activities.

Peru's perimeter of consolidation can be consulted in Annex I of the Consolidated Financial Statements.

The nominal tax rate in Peru is 29.5% and the effective tax rate is slightly lower. In this sense, there are certain effects and singularities of a fiscal and accounting nature that may cause the effective tax rate to differ, the most significant being the tax adjustment for exemption of interest on deposits in the Central Reserve Bank of Perú and for interest on government treasury bonds.

/ TURKEY



Consolidated
gross margin
3,298

Profit (loss)
before CIT
1,394

CIT payment
(cash basis)
348

CIT accrued
(current year)
362

Number of
employees
20,357

The Group's activity in Turkey is mainly conducted through Garanti BBVA Group, of which BBVA is the largest shareholder. Garanti BBVA Group is a pioneering bank in Turkey, a leader in the use of technology applied to banking businesses. Its main segments of activity include commercial and SME banking, as well as insurance and CIB activities.

Turkey's perimeter of consolidation can be consulted in Appendix I of the Consolidated Financial Statements.

The nominal tax rate in Turkey is 22%. In general, the country's tax burden is usually in line with the nominal rate. The tax burden is higher in 2020, however, mainly as a result of the regularization of Deferred Tax Assets (DTAs) net of Deferred Tax Liabilities (DTLs), in view of the fact that the applicable tax rate will be 20% in 2021 as opposed to the current 22%.



/ REST OF LATIN AMERICA

Consolidated
gross margin

425

Profit (loss)
before CIT

120

CIT payment
(cash basis)

37

CIT accrued
(current year)

29

Number of
employees

4,210

The BBVA Group also operates in Chile, Venezuela, Uruguay, Paraguay, Bolivia, Brazil and Curaçao, conducting retail and commercial banking activities, as in the other jurisdictions. The overall relative weight of these countries in the Group's accounts is very limited.

The South American perimeter of consolidation can be consulted in Appendix I of the Consolidated Financial Statements.

The average nominal rate is 24.40% and the joint effective tax rate is 24.17%, being therefore, practically equal.

/ REST OF EURASIA

Consolidated
gross margin

762

Profit (loss)
before CIT

351

CIT payment
(cash basis)

105

CIT accrued
(current year)

77

Number of
employees

2,668

The BBVA Group's operations in the rest of Europe and Asia are included in the Eurasia block. Among the most significant are the banking and financial institutions located in Switzerland, the Netherlands, Finland and Romania. There are also branches located in Germany, Belgium, France, Italy, the United Kingdom and Portugal, Taipei, Tokyo, Hong Kong, Singapore, Shanghai, Malta and Cyprus, whose main activity is in the field of CIB.

The overall relative weight of these countries in the Group's accounts is very limited, representing approximately 9.79% of the Group's total consolidated income before tax generated in 2020.

The Eurasia perimeter of consolidation can be consulted in Appendix I of the Consolidated Financial Statements.

During the financial year 2020, the average nominal rate is 23.51%, whereas the effective tax rate is 21.94%, being practically aligned with the average nominal rate for these jurisdictions.

3. Taxes charged in the consolidated financial statements

The consolidated financial statements of a multinational group such as BBVA, present its fairly financial position in accordance with the standards stated by the accounting regulator.

The principle of accrual accounting is one of the basic principles established by accounting standards.

Reconciliation of taxation at the Spanish corporation tax rate to the tax expense recorded for the year (Millions of Euros)	Amount	Effective tax (%)
Profit or loss before tax	3,576	
From continuing operations	5,248	
From discontinued operations	(1,672)	
Taxation at Spanish corporation tax rate 30%	1,073	
Variation from low effective tax rate from foreign entities	(181)	
Mexico	(32)	29%
Chile	(2)	23%
Colombia	3	31%
Peru	(7)	28%
Turkey	(73)	25%
USA	(75)	16%
Others	5	
Revenues with lower tax rate (dividends/capital gains)	(49)	
Equity accounted earnings	12	
Other effects	661	
Current income tax	1,516	
Of which:		
Continuing operations	1,459	
Discontinued operations	57	

The Corporate Income tax expense is accounted in the profit and loss account in line with said principle. On the contrary **tax payments are included in the cash flow statement**.

These figures may differ from each other since taxes very few times are paid at the same time as income arises. This is because governments set the rules as to when tax becomes payable and those rules vary greatly from one country to another.

For this reason, the effective tax rate of Corporate Income tax that is obtained by dividing the expense for Corporate Income tax (€ 1,516 million) between profit before taxes (€ 3,576 million; it gives rise to a rate of 42.39%) does not have to coincide with the effective rate obtained by dividing the Corporate Income tax paid (€ 1,556 million) between profit before taxes (€ 3,576 million; it results in a 43.51% tax rate).

In this regard, it should be noted that the balance of income before taxes and Corporate Income tax expense includes the figures obtained during 2020 from the United States business unit whose sale was announced at the end of 2020 and which, for the purposes of the Group's financial statements, have been classified under profit or loss from discontinued operations. Likewise, the profit before tax includes the impairment recorded by the Group on the goodwill of the banking business in the USA which, for the purposes of the Group's financial statements, has also been classified under gains or losses from discontinued operations. In addition, it should be noted that this impairment does not have associated a Corporate Income tax expense credit.

Additionally, the consolidated financial statements of a multinational company, introduce **consolidation and standardization adjustments** in order to avoid duplicity of revenues or expenses in the accountancy whenever there are transactions between subsidiaries of the Group.

Finally it is important to note that the **recognition of the temporary differences** also affects the amount of the Corporate Income tax expense accounted.

DEFERRED TAXES

Deferred taxes are an accounting concept, which includes temporary differences as well as certain tax credits.

Temporary differences arise, among others, from timing discrepancies between accounting and tax rules, while recognizing expenses or revenues.

As of December 31, 2020 the BBVA Group has registered € 15,327 million of deferred tax assets and € 1,809 million of deferred tax liabilities.

Total deferred tax assets (€ Million)

Pensions	439
Financial instruments	1,292
Loss allowances	1,683
Other	1,069
Secured tax assets	9,361
Tax losses	1,483

Total	15,327
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Total deferred tax liabilities (€ Million)

Financial instruments	908
Other	901

Total	1,809
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Appendix

1. Basis of preparation: scope and methodology



SCOPE:

This report has been prepared on the basis of the data collected on the taxes paid by the BBVA Group during year 2020 in each country in which it operates.

For this purpose a distinction is made between own taxes, that is, those taxes paid by the BBVA Group on its own and third-party taxes, which are those taxes collected by the BBVA Group and paid to public finances on behalf of third parties outside the Group.

Both own and third-party taxes paid in each jurisdiction in which the BBVA Group operates are disclosed under the total tax contribution section of this Report. Please note that it only includes those jurisdictions in which the tax payments made in 2020 exceeded € 1 million.



METHODOLOGY:

This Report uses the PWC Total Tax Contribution (TTC) methodology, which looks at all the different taxes that companies pay and administer, including the Corporate Income tax, employment taxes, value added tax (VAT), taxes on properties as well as other taxes. The TTC framework shows all tax payments made by the BBVA Group on its own (own taxes) and on behalf of third parties on a cash basis.

In order to gain transparency the Report shows net tax payments made by the BBVA Group.

2. Glossary of key terms

In this Report the following terms should be understood in the way shown below:

Employees/professionals

Withholding taxes and payments on account made by the Group BBVA from a tax perspective which are related to those employees and professionals that provide services to the Group. Please note that Social Security payments are included in this category.

Third party taxes

Taxes withheld, collected and paid to public finances on behalf of third parties, which are not part of Group BBVA.

Deferred tax asset

It is an asset that, in accordance with the prudence principle shall be recognized in the financial statements whenever it is probable that future taxable income will be available to enable their application. Provided that the above condition is met, a deferred tax asset shall be recognized in respect of the following:

1. Deductible temporary differences, which will enable the entity to reduce any subsequent period's income tax payments or to increase future recovery amounts, when the carrying amount of the asset or liability is recovered or settled;
2. Carryforward tax losses;
3. A tax credit for tax deductions and other tax benefits applicable in future periods.

Deferred tax liability

It is a liability that in general is recognized for taxable temporary differences that will result in taxable amounts in determining taxable profit or loss of future periods and therefore, will increase future tax payments or decrease the company's future refund amounts, when the carrying amount of the asset or liability is recovered or settled.

Tax payments

All taxes that have been paid (cash criteria) according to the regulations of each type of tax.

Own taxes

All taxes, withholdings and payments on account paid by the BBVA Group on its own.

Corporate Income tax

All taxes that are based on the tax earnings obtained by a company.

Value added tax - VAT

In this term we include all taxes that are levied on the acquisition of goods or services. The most important consumption tax is VAT. For financial entities, VAT is a relevant own tax, since largely it is not deductible.

Other taxes

Any other tax different from Corporate Income Tax, VAT, employees or professionals taxes; either if they are local, autonomic or national, such as taxes on economic activities, taxes on property, transactions, stamp duty ...

Withholding on income taxes

Withholdings and payments done on behalf of third party taxes applied to income such as interests, dividends

The BBVA logo is centered on a dark blue background. It features the letters 'BBVA' in a white, bold, sans-serif font. A large, stylized, light blue 'X' shape is positioned behind the text, with its arms extending diagonally across the frame. The 'X' has a gradient, appearing lighter in the center and darker towards the edges.

BBVA