BBVA
Creating Opportunities

Total Tax Contribution in 2021

A report on the economic contribution made by the BBVA Group

Preamble

Once again, in this BBVA´s Report we present our tax contribution for the year 2021, as an expression of our commitment to inclusive growth and sustainable development of the Communities in which we operate.

This year, like the previous one, has been shaped by the pandemic derived from COVID-19 and in which we at BBVA have once again redoubled our efforts to make our purpose a reality, *to bring the age of opportunities to everyone*, exploiting all our capabilities to mobilize resources and make them available to all.

The data we now present should be analyzed in the light of this exceptional scenario. Despite the context, during 2021, BBVA contributed €8,215 million in taxes derived from our activity in all the markets in which we operate, including taxes borne by the Group and those collected for the public coffers on behalf of third parties.

At BBVA, we are committed to paying taxes. For us, paying taxes goes beyond compliance with our legal obligations. For BBVA, it is an expression of our differential way of understanding banking, placing the needs and expectations of people at the center of our activity, in order to contribute effectively to the sustainable development of all.

This vision is reflected in our Tax Strategy, which incorporates the most demanding international tax standards in tax matters, and allows us to orient our taxation towards the protection of Human Rights and the fulfillment of the United Nations Sustainable Development Goals. The clear alignment between value creation and tax contribution, as we present in this Report, allows us to anticipate the results of the so-called Pillars I and II, on digital taxation and global minimum taxation of multinationals, which are currently being discussed within the Inclusive Framework at the OECD.

With the Report we are now presenting, we are celebrating 10 years of public exposure of our Total Tax Contribution. As the first IBEX 35 company to carry out this transparency exercise, we have contributed from the outset to the formation of a new standard, now consolidated, in terms of disclosure and communication of the taxation of large corporations.

Preamble ('cont)

Since then, we have worked on its continuous improvement, incorporating the breakdowns proposed by the Global Reporting Initiative through GRI 207 and the common and consistent metrics in sustainable value creation reporting presented at the World Economic Forum (Davos) by the International Business Council (IBC). This allows us to be able to provide, in a clear and accessible way, the details of our vision on taxes and their governance within the Group, as well as our effective contribution in each of the jurisdictions in which we are present.

Society demands concrete and measurable results from multinational groups, and therefore, we understand that being transparent in tax matters is the best way to make our contribution visible, verifiable and assessable by third parties. In this sense, we would like to continue extending these voluntary transparency practices, and for this reason, we have promoted and actively participated in initiatives such as the European Business Tax Forum in order to encourage others to follow this path.

In addition, as a financial institution, we promote tax compliance among our stakeholders and actively collaborate with the tax authorities in supporting the public revenues.

The figures we now detail are a reflection of the responsibility, transparency and sustainability with which we at BBVA approach tax management. Behind them are new opportunities for everyone.

“At BBVA, we want to be catalysts for change in order to create a more inclusive and sustainable society that leaves no one behind. Our contribution to communities where we have a presence is an essential part of this commitment. Everything we do is guided by our purpose: “to bring the age of opportunity to everyone.”

Carlos Torres Vila. Chair BBVA

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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.

- Focus on generating a positive impact on society
- Respect for the dignity of people and their inherent rights
- Investment in the community
- Involvement as an agent of social change

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

BBVA is aware of the important role of banking in this transition towards a more sustainable world through its financial activity. Therefore, BBVA is committed to the application of the content of the Universal Declaration of Human Rights and is a member of the main international sustainable development initiatives, suchs as the United Nations Global Compact Principles, the United Nations Environment Programme Finance Initiative, UN Guiding Principles on Business and Human Rights, and Ecuador Principles, Women's Empowerment Principles, the Green Bond Principles, the Social Bond Principles, the Sustainability Linked Bond Principles, the Thun Group of Banks on Human Rights, Carbon Disclosure Project (CDP), the RE 100 initiatives and Science Based Targets and the Spanish Green Growth Group, the Alliance CEO Climate Leaders of the World Economic Forum (WEF), as well as with other conventions and treaties of international organizations such as the Organization for Economic Cooperation and Development (OECD) and the International Labor Organization (ILO).

Likewise, it should also be noted that in 2019, BBVA subscribed, as a founding signatory, to the Principles for Responsible Banking and joined the Collective Commitment on Climate Action in the framework of the United Nations Climate Summit that year. It is also firmly committed to the United Nations Sustainable Development Goals and the Paris Climate Agreement and, since 2017, has been part of the pilot group of banks committed to implementing the recommendations on finance and climate change issued by the Financial Stability Board within the framework of the G20. In addition, in 2021 it joined, as a founding signatory, the Net Zero Banking Alliance and the Collective Commitment to Financial Health and Inclusion, and BBVA Asset Management adhered to the United Nations Principles for Responsible Investment and the Net Zero Asset Managers Initiative.

Banks in this Net Zero Banking Alliance commit to ensuring that all of their credit and investment portfolios are neutral in net emissions of greenhouse gases by 2050, in line with science and the most ambitious targets in the Paris Agreement. In addition, the direct impact of their activities must also be neutral, something that BBVA already achieved in 2020.

In the same line, in June 2021 BBVA decided to double the total target of its 2025 Commitment to mobilize resources in green finance, sustainable infrastructure, social entrepreneurship and financial inclusion, increasing this target from 100 billion euros to 200 billion euros. Between 2018 and 2021, BBVA has already mobilized more than 85 billion 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.

In this regard, it is worth highlighting the score obtained by the BBVA Group in the Dow Jones Sustainability Index (DJSI) in the area of taxation. **For the fourth consecutive year, the DJSI analysts have once again considered the BBVA Group to be the global benchmark in the field of taxation, obtaining the highest possible score.** To reach this conclusion, the BBVA Group's Tax Strategy, the exercise of transparency in the tax sphere carried out by the BBVA Group, as well as the analysis of the figures related to Corporate Income Tax, have been evaluated.

In addition, BBVA has improved one position in the Dow Jones Sustainability Index (DJSI), thus becoming **the most sustainable bank in the world**, together with the South Korean bank, KB Financial Group.

Member of
Dow Jones
Sustainability Indices
Powered by the S&P Global CSA

Sustainability Award
Gold Class 2022
S&P Global

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 the most demanding international standards

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:

BBVA Tax Strategy

01 The commitment to pay the taxes in all the countries in which it carries out its activity.

02 The alignment of its taxation with the effective performance of economic activities and the generation of value. Presence in tax havens is only possible as a consequence of the effective performance of economic activities.

03 The adoption of reasonable interpretations of the tax regulations and of the provisions of the Conventions to avoid double taxation.

04 The establishment of a transfer pricing policy for all related-party transactions, governed by the principles of free competition, value creation and the assumption of risks and benefits.

05 Addressing the tax challenges raised by the digital economy by incorporating virtual presence in its value contribution assessments.

06 The promotion of a reciprocal cooperative relationship with the different Tax Authorities based on the principles of transparency, mutual trust, good faith and loyalty.

07 The payment of taxes as an important part of the contribution to the economies of the jurisdictions where it operates.

08 The promotion of transparent, clear and responsible communication of its main fiscal figures, informing stakeholders of the payment of taxes.

09 When developing any financial product, it takes into account the tax implications for its clients and provides them with the relevant information to comply with their tax obligations.

10 The development of these principles, through the Tax Department, to establish the control mechanisms and internal regulations needed to comply with them and with current tax regulations.

Available at www.bbva.com

To make this happen, our Tax Strategy has been developed through a body of Tax Rules 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.

The essential characteristics of BBVA's Tax Strategy are as follows:

A

A Tax Strategy aligned with OECD standards

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.

Likewise, BBVA's Tax Strategy and the Tax Policies that develop it are enabling us to anticipate and integrate the results of the so-called Pillars I and II, on digital taxation and global minimum taxation of multinationals, respectively, currently under discussion within the OECD's Inclusive Framework.

All of them, Strategy and Policies, respond to the commitment to comply with and respect both the letter and the spirit of the tax regulations in the jurisdictions in which 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.

In this sense, during the year 2021, the BBVA Group´s commitment to Human Rights has been reviewed once again and, once more the taxes paid by BBVA are considered a key element in the promotion of Human Rights in all the jurisdictions where we operate

THESE PRINCIPLES ARE BASED ON THREE PILLARS:

Protect

Respect

Remedy

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 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.

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 non-cooperative jurisdictions, or 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 noncooperative 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 of the BBVA Group corresponding to 2021, provides detailed information on the offshore financial centers where the Group is present.

6. Improvements in tax control and governance

The Tax Function in the BBVA Group

The main purpose of the BBVA Groups´s Tax Function is to ensure compliance with tax regulations, corporate principles in tax matters and BBVA´s Tax Strategy.

Internally, the Tax Function is organized as follows:

- On the one hand, the tax holding area. It is integrated within the Finance area and reporting to the Group´s Chief Financial Officer. Its objectives include guaranteeing the coherence and coordination of the BBVA Group´s tax decisions, ensuring compliance with BBVA´s Tax Strategy and establishing and monitoring the tax control and governance model throughout the BBVA Group.
- On the other hand, the local tax areas. The main objectives of the local tax areas include the development of the Tax Strategy in every country, internal advice to the local business areas, as well as the filing of tax returns and the relationship with the local tax administrations. These areas are also integrated within the local Finance area and report not only to the local Finance Directors, but also to the tax holding area.

As regards the organization and structure of the Tax Function, it is adapted to the needs and structure of the rest of the Group´s areas to which it mainly provides service and support. Both the tax holding area and the local tax area are members of the main Group Committees.

The Group´s Tax Function has a Governance system that allows tax-related decisions to be made by the appropriate personnel, as well as the identification of those issues that must be reported to the Group´s governing bodies. In addition, the Tax Function has its own space on the BBVA website as well as on the Group´s intranet from which regular communications are made to the rest of the Organization to reinforce the Group´s commitment to tax compliance.

The Group´s Tax Function is concerned with keeping its teams and the rest of the organization permanently updated on those matters that may be applicable to them. Sometimes these updates are carried out through the organization of conferences, seminars or courses. The objective is to bring the complex and changing tax regulations into an understandable and applicable content for the different units of the Group so that, their day-to-day work and in order to establish internal controls, they have a better knowledge of the tax implications of the Group´s activity. Some examples of the training courses provided by the tax team: sustainable taxation, deferred tax assets in Banking, Tax Compliance standards, BEPS and Transfer Pricing.

The tax control and governance model

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.

In addition, during year 2021 and within the framework of the cooperative relationship that BBVA Group maintains with the Tax Authorities, BBVA has shared with the Spanish Tax Authorities the **"Informe de Autoevaluación de los datos reportados en la declaración país por país correspondiente al ejercicio 2019"** ("Self-assessment Report on the data reported in the country-by-country tax return for the fiscal year 2019"). In the process of analyzing such data, the BBVA Group has carried out an assessment of the tax risk based on the financial indicators and ratios identified by the OECD in its document "Handbook on effective tax risk assessment".

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 **2021** 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 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 Report. In 2021 we have carried out an important additional exercise of transparency in tax matters for all our stakeholders, which includes, among others, the **following issues:**

01
The GRI 207 as part of the Management Report

Since 2020, we have integrated the GRI 207 standard into the BBVA Group's non-financial public information.

In 2020, for the first time, the **Global Reporting Initiative**, whose sustainability performance reporting standards are widely followed by companies, developed a specific tax standard (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.

As a new feature, in 2021 we have included an **appendix** to this Total Tax Contribution Report in which we identify each of the contents required by GRI 207 and indicate where they can be consulted.

02

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

For the **fourth consecutive year**, BBVA has obtained the **highest score in the tax area** by the Dow Jones Sustainability Index (DJSI), which means that BBVA is considered the best practice worldwide in the tax area.

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 fiscal matters, with special attention to those linked to transparency, with the BBVA Group once again achieving the highest score.

100/100 POINTS

BY THE DOW JONES SUSTAINABILITY INDEX

Dow Jones Sustainability Indexes

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.

As in previous years, in 2021 we have again promoted the publication of a report on the tax contribution of a group of European multinational enterprises by the European Business Tax Forum (EBTF), with the aim of sharing experiences and leading the path to transparency and responsibility in the tax performance of multinational enterprises.

EBTF

In addition, in 2021 BBVA has been a member of the Steering Committee of the EBTF to reinforce our commitment to initiatives that promote good business practices in the tax sphere.

Furthermore, in Spain, we have participated and collaborated in the development of the Total Tax Contribution report of the Ibex 35 in 2019 by PwC, published in 2021.

04

New transparency obligations in the European Union framework

At the end of 2021, Directive 2021/2101 of 24 November 2021 was approved, which establishes the obligation for multinational groups, subsidiaries and branches established in the European Union to file a country-by-country report with the tax authorities and to publish it on the Group's website.

The obligation is expected to be applicable for financial years beginning after June 22, 2024.

This country-by-country report has certain similarities with the country-by-country report in force in Spain as well as with that provided for in GRI 207.

At BBVA we believe that all these regulatory initiatives confirm that the path we decided to follow 10 years ago, as well as being a clear example of voluntary anticipation in our commitment to transparency, also reflects that the BBVA Group continues to take steps beyond the regulatory requirements themselves, as we continue to report on all these aspects in all those geographies in which it is present and not only at the European level.

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 2021 relevant data

The total tax contribution of the BBVA Group to public finances amounted to **€ 8,215 million in 2021**. € 3,030 million corresponds to own taxes and € 5,185 million corresponds to third party taxes.

Of the € 3,030 million of taxes that the Group paid on its own in 2021, €1,252 million corresponds to payments related to Corporate Income tax. This means that 14.91%(1) of the profit before taxes(2) gained by Group BBVA has been destined to the payment of Corporate Income tax.

€ 8,215 M
BBVA GROUP TO PUBLIC FINANCES

OWN TAXES
€ 3,030 M

THIRD PARTY TAXES
€ 5,185 M

€ 8,399 M
PROFIT BEFORE CORPORATE INCOME TAX

14.91%

> € 1,252 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 2021 (€ 8,215 million) with the generated turnover (€ 22,219 million), we can say that for every €100 of the turnover earned by the BBVA Group during 2021, the Group has paid €37 in taxes. Of these € 37:

- € 14 are taxes paid on its own.
- € 23 are taxes paid on behalf of third parties.

(1) The percentage of Corporate Income tax paid in 2021 has been affected by the occasional coincidence in 2021 of the refund of taxes paid in excess from previous years and the lower income from installments due to the exceptional situation caused by the COVID19.

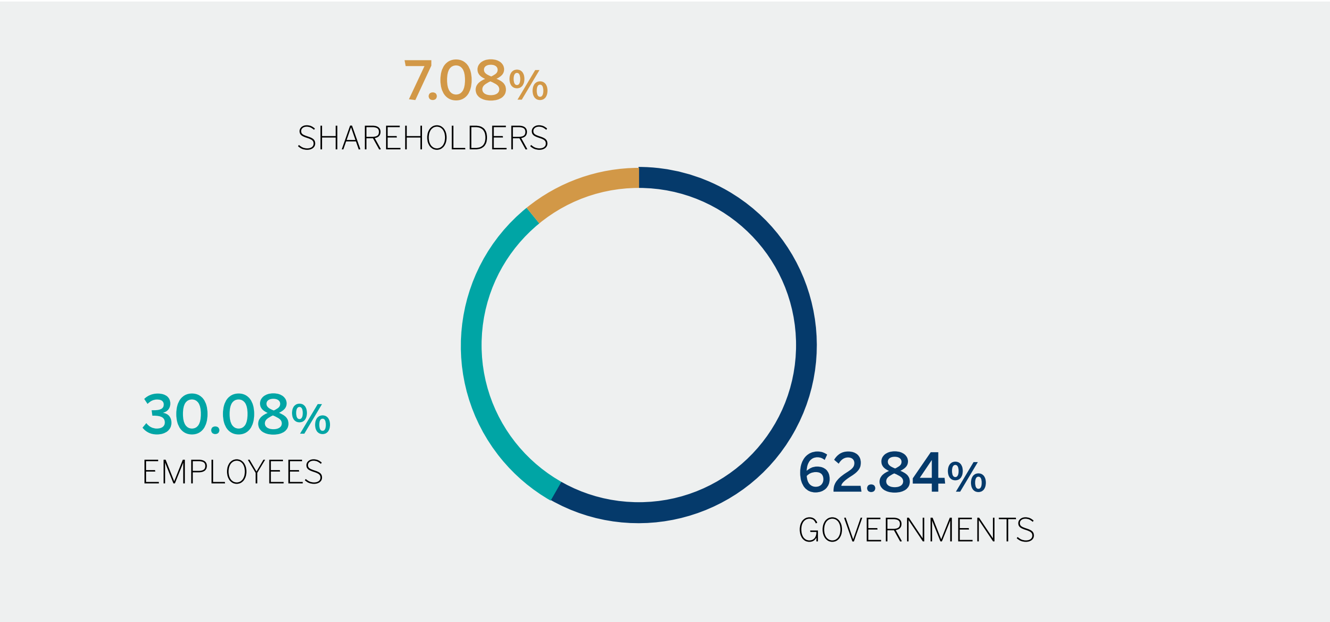
(2) In this regard, it should be noted that the balance of profit before tax includes the figures obtained throughout 2021 by the US business unit up to the time of its sale, as well as the capital gain generated by it, which, for the purposes of the Group's financial statements, have been classified under the concept of profit or loss 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, 62.84% of the economic contribution made by BBVA to society corresponds to both own taxes and third party taxes; while 30.08% corresponds to salaries paid to our employees and 7.08% to those dividends paid to our shareholders.

ECONOMIC CONTRIBUTION MADE BY THE BBVA GROUP TO SOCIETY IN 2021



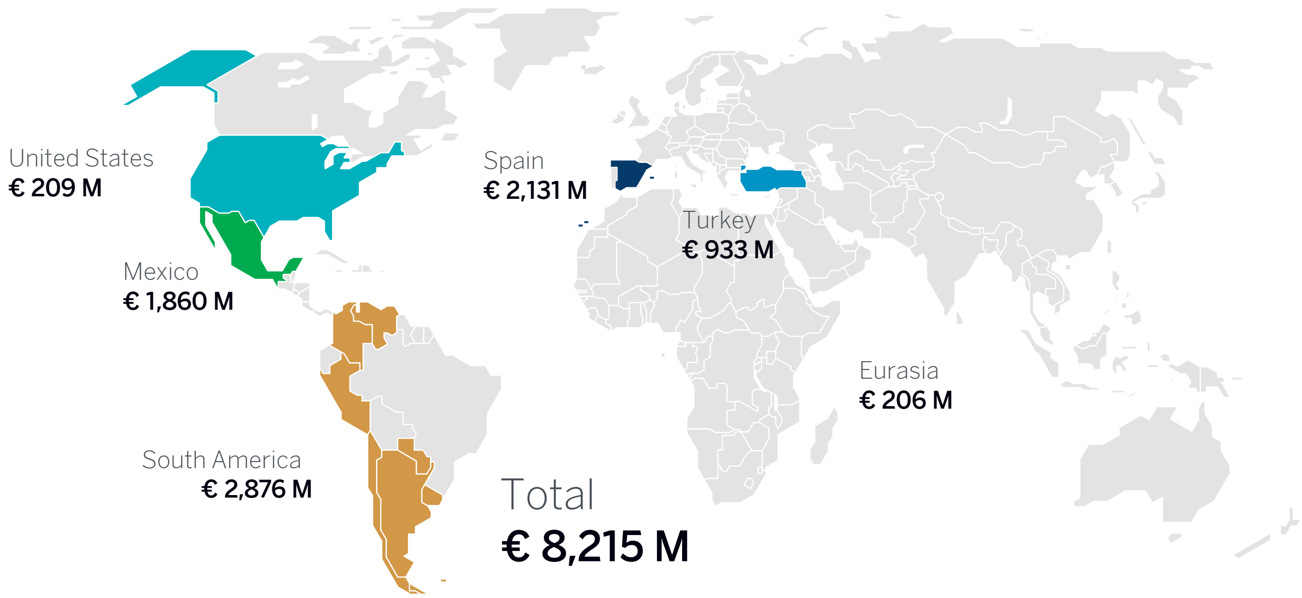
2. How many taxes has BBVA paid in 2021?

BBVA is a global financial group founded in 1857. It employs more than 110,000 people in **25 countries** around the world. It has over 81 million customers and more than 826,000 shareholders.

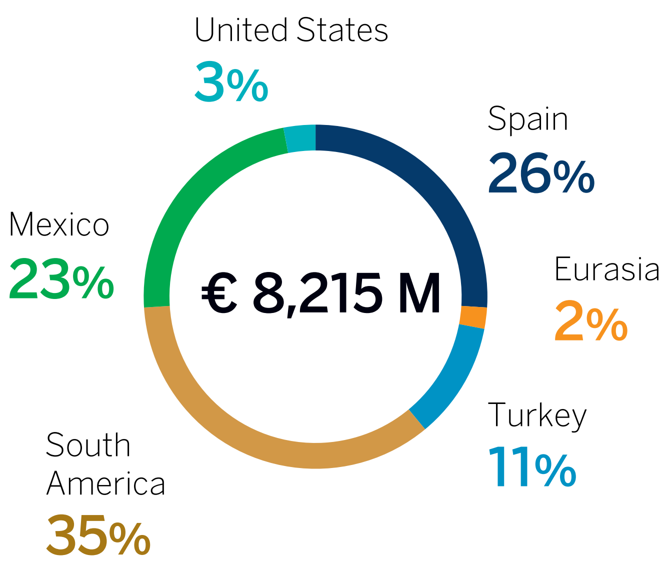
BBVA has a strong leadership position in the Spanish market, is the largest financial institution in Mexico and has leading franchises in South America. Additionally, it is also the leading shareholder in Turkey's Garanti BBVA and it operates an extensive branch network worldwide.

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 2021 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 2021:

Country	Own taxes	Third party taxes	Total
Spain	**929**	**1,202**	**2,131**
Belgium	0	1	1
Cyprus	3	2	5
France	10	1	11
Germany	28	4	32
Hong Kong	8	0	8
Italy	31	5	36
Malta	4	0	4
Netherlands, The	3	6	9
Portugal	20	20	40
Romania	6	17	23
Singapore	2	0	2
Switzerland	8	5	13
United Kingdom	13	9	22
Eurasia	**136**	**70**	**206**
Turkey	**485**	**448**	**933**
Argentina	237	1,720	1,957
Bolivia	4	5	9
Chile	16	14	30
Colombia	176	298	474
Curacao	0	1	1
Paraguay	10	0	10
Peru	218	74	292
Uruguay	36	19	55
Venezuela	6	42	48
LATAM	**703**	**2,173**	**2,876**
Mexico	**693**	**1,167**	**1,860**
United States	**84**	**125**	**209**
Total	**3,030**	**5,185**	**8,215**

€ 8,215 million of taxes paid by the BBVA Group **in 2021**

3. Type of taxes paid by the BBVA Group in 2021

The table below shows in detail the different types of taxes that the BBVA Group has paid throughout the year 2021 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.

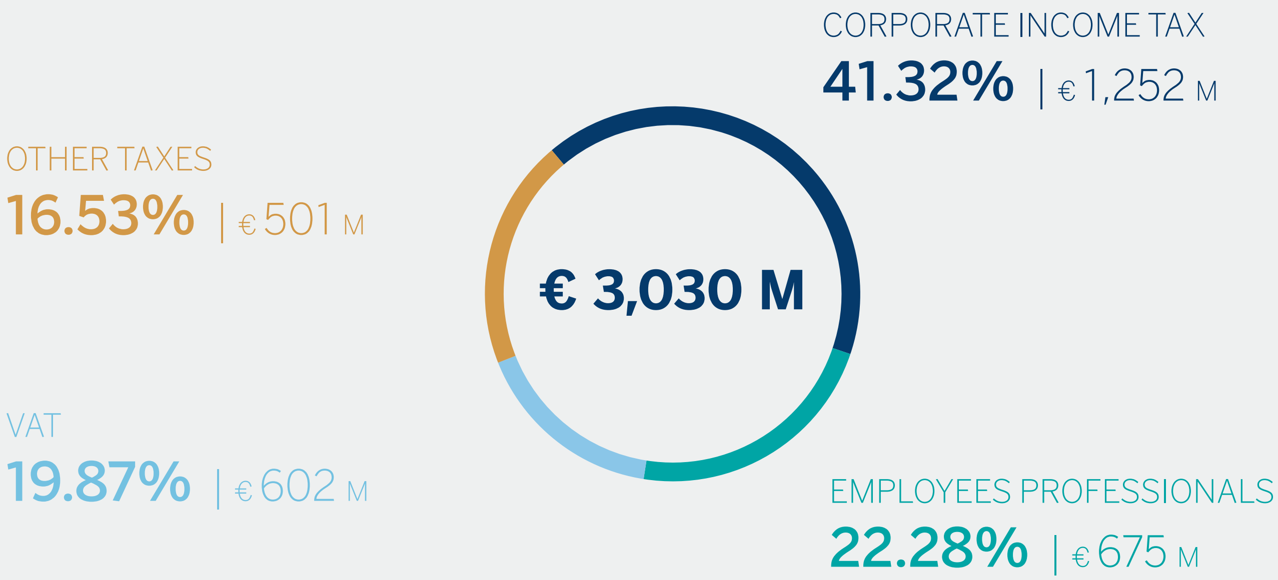
Country	CIT	Employees/ professionals	Other taxes	VAT	Total own taxes	Withholding in income tax	Employees/ professionals	Other taxes	VAT	Total third party taxes	Total
Spain	**90**	**370**	**208**	**261**	**929**	**489**	**634**	**20**	**59**	**1,202**	**2,131**
Belgium	0	0	0	0	0	0	1	0	0	1	1
Cyprus	3	0	0	0	3	1	0	1	0	2	5
France	7	3	0	0	10	0	1	0	0	1	11
Germany	27	1	0	0	28	0	4	0	0	4	32
Hong Kong	8	0	0	0	8	0	0	0	0	0	8
Italy	28	2	0	1	31	0	3	2	0	5	36
Malta	4	0	0	0	4	0	0	0	0	0	4
Netherlands, The	0	2	0	1	3	0	7	0	-1	6	9
Portugal	9	5	1	5	20	1	7	10	2	20	40
Romania	4	1	0	1	6	1	13	0	3	17	23
Singapore	2	0	0	0	2	0	0	0	0	0	2
Switzerland	6	2	0	0	8	0	2	3	0	5	13
United Kingdom	8	3	1	1	13	0	9	0	0	9	22
Eurasia	**106**	**19**	**2**	**9**	**136**	**3**	**47**	**16**	**4**	**70**	**206**
Turkey	**330**	**52**	**34**	**69**	**485**	**80**	**84**	**282**	**2**	**448**	**933**
Argentina	27	36	167	7	237	195	21	1,308	196	1,720	1,957
Bolivia	3	1	0	0	4	0	1	0	4	5	9
Chile	12	0	1	3	16	0	2	7	5	14	30
Colombia	90	22	24	40	176	53	19	175	51	298	474
Curacao	0	0	0	0	0	0	1	0	0	1	1
Paraguay	10	0	0	0	10	0	0	0	0	0	10
Peru	173	7	11	27	218	1	32	15	26	74	292
Uruguay	16	8	8	4	36	2	14	0	3	19	55
Venezuela	1	0	3	2	6	1	1	39	1	42	48
LATAM	**332**	**74**	**214**	**83**	**703**	**252**	**91**	**1,544**	**286**	**2,173**	**2,876**
Mexico	**360**	**125**	**31**	**177**	**693**	**197**	**221**	**0**	**749**	**1,167**	**1,860**
United States	**34**	**35**	**12**	**3**	**84**	**2**	**123**	**0**	**0**	**125**	**209**
Total	**1,252**	**675**	**501**	**602**	**3,030**	**1,023**	**1,200**	**1,862**	**1,100**	**5,185**	**8,215**

4. Which type of own taxes has the BBVA Group paid in 2021?

The chart shows the distribution of the **€3,030 million of own taxes paid** by the BBVA Group in 2021.

Corporate Income tax is the largest payment, €1,252 million, representing 41.32% of the total tax payments made by the Group BBVA on its own in 2021.

Value-added tax accounts for 19.87%, **employee and professional taxes** for 22.28% and **other taxes** for 16.53% which include, among others, real estate taxes, trade tax and local taxes.



Financial Statements

1. “Informe bancario anual” in 2021

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, 2021 (Million of Euros)

Country	CIT payments cash basis(1)	CIT expense consol	PBT consol	Gross margin(5)	Nº employees(2)	Activity	Main Entity
Spain (3)	**90**	901	1,030	6,161	23,933	Finance, banking and insurance services	BBVA S.A.
Mexico	**360**	957	3,532	7,448	40,238	Finance, banking and insurance services	BBVA Mexico, S.A.
Turkey	**330**	437	1,851	3,145	20,063	Finance, banking and insurance services	Garanti BBVA AS
United States (4)	**34**	108	586	1,502	285	Finance and banking services	BBVA, S.A,- New York Branch Office
Peru	**173**	120	385	1,093	5,780	Finance and banking services	BBVA Banco Continental S.A.
Colombia	**90**	101	338	889	6,721	Finance, banking and insurance services	BBVA Colombia S.A.
Argentina	**27**	39	129	816	5,364	Finance, banking and insurance services	Banco BBVA Argentina S.A.
Uruguay	**16**	7	29	134	579	Finance and banking services	BBVA Uruguay S.A.
Chile	**12**	16	71	133	714	Financial services	Forum Servicios Financieros, S.A.
United Kingdom	**8**	8	61	108	117	Banking services	BBVA, S.A. - London Branch Office
Romania	**4**	7	41	106	1,119	Finance and banking services	Garanti Bank SA
Portugal	**9**	15	47	95	440	Finance and banking services	BBVA, S.A. - Portugal Branch Office
Hong Kong	**8**	9	57	80	90	Banking services	BBVA,S.A. - Hong Kong Branch Office
Malta	**4**	2	21	77	14	Banking services	Garanti BBVA AS - La Veleta Branch Office
Netherlands, The	**—**	6	23	70	207	Finance and banking services	Garantibank BBVA International N.V.
Italy	**28**	17	57	66	52	Banking services	BBVA, S.A. - Milan Branch Office
France	**7**	9	42	61	63	Banking services	BBVA, S.A.- Paris Branch Office
Venezuela	**1**	5	7	56	1,748	Finance, banking and insurance services	BBVA Banco Provincial, S.A.
Germany	**27**	5	26	40	37	Banking services	BBVA, S.A. -Frankfurt Branch Office
Switzerland	**6**	2	8	39	117	Finance and banking services	BBVA (Switzerland) S.A.
Bolivia	**3**	3	12	28	468	Pensions	BBVA Previsión AFP SA
Cyprus	**3**	5	21	23	106	Banking services	Garanti BBVA AS - Nicosia Branch Office
Singapore	**2**	3	18	22	12	Banking services	BBVA S.A.- Singapore Branch Office
Taiwan	**—**	-1	-2	7	11	Banking services	BBVA S.A. - Taipei Branch Office
Curaçao	**—**	—	4	7	16	Finance and banking services	Banco Provincial Overseas N.V.
China	**—**	—	1	6	27	Banking services	BBVA S.A. - Shanghai Branch Office
Belgium	**—**	—	4	5	22	Banking services	BBVA S.A. - Brussels Branch Office
Brazil	**—**	—	—	2	6	Financial services	BBVA Brasil Banco de Investimento, S.A.
Finland	**—**	—	1	—	—	Financial services	Holvi Payment Service OY
Japan	**—**	—	-1	—	4	Banking services	BBVA,S.A. - Tokio Branch Office
Paraguay	**10**	—	—	—	—	Finance and banking services	BBVA Paraguay S.A.
Total	**1,252**	**2,781**	**8,399**	**22,219**	**108,353**		

(1) The amounts of "Cash payments of corporate income tax" are highly conditioned and derive fundamentally from the methodology for calculating the installment payments provided for in the regulations governing corporate income tax in the different geographical areas, producing differences between the installment payments made in the current year and the refund of installments from previous years that may result once the final tax returns have been filed. In this respect, it should also be noted that it is normal for there to be, differences between the amounts of "Corporate tax cash payments" and "Corporate tax expense", as the tax paid in the year is not necessarily directly related to the pre-tax profit existing in a jurisdiction, but takes into account the tax payments (and refunds) in respect of profits made in previous years, as well as the installment payments made in the current year and the withholding of input tax. However, the "Corporate Income Tax Expense" for the current year is more directly related to the existing Profit before tax for a given year.

(2) Full time employees. The 21 employees of representative offices are not included in the total number.

(3) In Spain, the balance of "Profit before tax" includes the capital gain generated in 2021 as a result of the sale of the US business, which is classified in the income statement under "Profit (loss) after tax from discontinued operations". Likewise, the balance of "Corporate income tax expense" in Spain is highly conditioned because it incorporates the tax effects associated with the sale of the US business, which is classified in the income statement under "Profit (loss) after tax from discontinued operations".

(4) In the US, the balance of "Profit before tax", "Corporate income tax expense" and "Gross margin" includes the profit generated by the US banking business up to the time of its sale, which is classified in "Profit (loss) after tax from discontinued operations". The number of employees in the US does not include employees who at 31 December no longer form part of the Group as a result of the sale of the US banking business.

(5) The total gross margin of the Group which appears in the previous table does not tie up with the one existing in the consolidated income statement since the total gross margin of such table also includes the gross margin generated, up to the moment of its sale, by the companies included in the USA Sale, whose "Profit before taxes" and "Corporate income tax expense" are classified under "Profits (losses) after taxes from discontinued operations.

2. Country by country reporting

In 2020 we already adopted the tax information that we voluntarily publish to the specific standard developed by the Global Reporting Initiative (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 2021 Management Report.

TAX INFORMATION BY AREAS 2021 (MILLIONS OF EUROS, NUMBER OF EMPLOYEES)

	Consolidated gross margin third parties	Profit (loss) before CIT	CIT payment (cash basis) (1)	CIT accrued (current year)	Nº employees
Spain	6,296	1,030	90	901	23,933
Mexico	7,658	3,532	360	957	40,238
Turkey	3,072	1,851	330	437	20,063
United States	1,272	586	34	108	285
Peru	1,093	385	173	120	5,780
Colombia	889	338	90	101	6,721
Argentina	816	129	27	39	5,364
Rest of Latin America	360	123	42	31	3,531
Rest of Europe and Asia	763	425	106	87	2,438
Total	**22,219**	**8,399**	**1,252**	**2,781**	**108,353**

(1)The amounts of "Cash payments of corporate income tax" are highly conditioned and derive fundamentally from the methodology for calculating the installment payments provided for in the regulations governing corporate income tax in the different geographical areas, producing differences between the installment payments made in the current year and the refund of installments from previous years that may result once the final tax returns have been filed. In this respect, it should also be noted that it is normal for there to be, differences between the amounts of "Corporate tax cash payments" and "Corporate tax expense", as the tax paid in the year is not necessarily directly related to the pretax profit existing in a jurisdiction, but takes into account the tax payments (and refunds) in respect of profits made in previous years, as well as the installment payments made in the current year and the withholding of input tax. However, the "Corporate Income Tax Expense" for the current year is more directly related to the existing Profit before tax for a given year.

/ SPAIN

Consolidated gross margin [(1)]
6,296

Profit (loss) before CIT [(2)]
1,030

CIT payments (cash basis)
90

CIT accrued (current year) [(3)]
901

Number of employees
23,933

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 BBVA Group.

The main segments of activity developed in Spain include commercial and SME banking, 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 are integrated into a tax group, constituting for these purposes a single taxpayer in Corporation Tax. The nominal tax rate in Spain is 30%; however, there are certain effects and singularities of a fiscal and accounting nature due to the double dimension mentioned above, which may cause its effective tax rate to be different.

For these purposes, its tax rate stands out in 2021, much higher than 30% due to the tax effects generated in the Corporate Income Tax Expense as a result of the sale of the banking business in the United States.

(1) The fact that in certain geographies the business is conducted through branches (permanent establishments), the relationship of these branches with their parent company as well as the financial flows between the branches and their parent company, may condition the data reported in the geographies (both branches and parent company) specifically with regard to the gross margin with third parties and related entities.

(2) In Spain, the balance of "Profit before tax" includes the capital gain generated in 2021 as a result of the sale of the US business, which is classified in the income statement under "Profit (loss) after tax from discontinued operations".

(3) Likewise, the balance of "Corporate income tax expense" in Spain is highly conditioned because it incorporates the tax effects associated with the sale of the US business, which is classified in the income statement under "Profit (loss) after tax from discontinued operations".

/ MEXICO

Consolidated gross margin (1)
7,658

Profit (loss) before CIT
3,532

CIT payment (cash basis)
360

CIT accrued (current year)
957

Number of employees
40,238

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 somewhat below it, since there are certain effects and singularities of a fiscal and accounting nature that can cause its effective tax rate to be different from 30%, being the most relevant in 2021, the fiscal adjustment for inflation that contributes to the drop in said rate.

(1) The fact that in certain geographies the business is conducted through branches (permanent establishments), the relationship of these branches with their parent company as well as the financial flows between the branches and their parent company, may condition the data reported in the geographies (both branches and parent company) specifically with regard to the gross margin with third parties and related entities.

/ TURKEY

Consolidated gross margin (1)
3,072

Profit (loss) before CIT
1,851

CIT payment (cash basis)
330

CIT accrued (current year)
437

Number of employees
20,063

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, insurance and CIB activities.

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

As a result of a tax reform approved in 2021 itself, the nominal tax rate in Turkey is 25%, which will become 23% in 2022 and 20% in subsequent years. At the beginning of the year, the planned nominal rate was 20%. In 2021, the effective tax rate was somewhat lower than the nominal rate of 25%, mainly due to the positive effect of regularizing its deferred tax assets, net of deferred tax liabilities, to the new tax rates applicable depending on the moment in which they are expected to reverse.

(1) The fact that in certain geographies the business is conducted through branches (permanent establishments), the relationship of these branches with their parent company as well as the financial flows between the branches and their parent company, may condition the data reported in the geographies (both branches and parent company) specifically with regard to the gross margin with third parties and related entities.

/ UNITED STATES

Consolidated gross margin (1)(2)
1,272

Profit (loss) before CIT
586

CIT payment (cash basis)
34

CIT accrued (current year)
108

Number of employees
285

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; as well as operations conducted through the New York branch, which focuses on investment banking.

However, on June 1, 2021, once the necessary authorizations were obtained, **BBVA completed the sale of 100% of the share capital of its subsidiary BBVA USA Bancshares, Inc.**, which in turn was the holder of all the share capital of the bank BBVA USA, in favor of The PNC Financial Services Group, Inc. BBVA Group will continue to engage in institutional and wholesale business in the United States through its broker-dealer BBVA Securities Inc. and its branch in New York. BBVA also maintains its investment activity in the fintech sector through its participation in Propel Venture Partners US Fund I, L.P. The Profit before Corporate Income tax expense and accrued Corporate Tax appearing in the above table includes the figures of the business unit which is the object of the transaction until its execution.

The nominal federal tax rate in the United States is 21%. In 2021, the effective tax rate is slightly lower due to the sale transaction referred to above, which significantly alters the Group's activity mix in the United States.

(1) In the US, the balance of "Profit before tax", "Corporate income tax expense" and "Gross margin" includes the profit generated by the US banking business up to the time of its sale, which is classified in "Profit (loss) after tax from discontinued operations". The number of employees in the US does not include employees who at 31 December no longer form part of the Group as a result of the sale of the US banking business.

(2) The fact that in certain geographies the business is conducted through branches (permanent establishments), the relationship of these branches with their parent company as well as the financial flows between the branches and their parent company, may condition the data reported in the geographies (both branches and parent company) specifically with regard to the gross margin with third parties and related entities.

/ PERU

Consolidated gross margin
1,093

Profit (loss) before CIT
385

CIT payment (cash basis)
173

CIT accrued (current year)
120

Number of employees
5,780

BBVA Group's operations in Peru are conducted through BBVA Peru, 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.

The perimeter of Peru can be consulted in Appendix I of the Consolidated Annual Accounts.

The nominal tax rate in Peru is 29.5% and its effective tax rate is somewhat higher. In fiscal year 2021, the weight of non-deductible expenses/income is greater than that of exempt income (i.e. exemption from interest on deposits in the Central Reserve Bank and interest on Public Treasury bonds).

/ COLOMBIA

Consolidated gross margin
889

Profit (loss) before CIT
338

CIT payment (cash basis)
90

CIT accrued (current year)
101

Number of employees
6,721

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, insurance and CIB activities.

The perimeter of Colombia can be consulted in Appendix I of the Consolidated Annual Accounts.

The nominal tax rate in Colombia is 34% (financial sector), while the effective tax rate is somewhat lower. In this sense, there are certain effects and singularities of a fiscal nature (such as income exempt from social interest loans, as well as some from the insurance field) that can cause the effective tax rate to be different from the nominal one.

/ ARGENTINA

Consolidated gross margin
816

Profit (loss) before CIT
129

CIT payment (cash basis)
27

CIT accrued (current year)
39

Number of employees
5,364

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

The perimeter of Argentina can be consulted in Appendix I of the Consolidated Annual Accounts.

As a result of a tax reform approved in the 2021 financial year itself, the nominal tax rate in Argentina is 35% (initially, it was planned to be 30%). Despite its consideration as a hyperinflationary economy and the consequent restatement of its financial statements, which usually significantly distort the country's tax pressure, the effective tax rate is lower than the nominal rate, mainly due to the tax adjustment for inflation.

/ REST OF LATIN AMERICA

Consolidated gross margin
360

Profit (loss) before CIT
123

CIT payment (cash basis)
42

CIT accrued (current year)
31

Number of employees
3,531

Likewise, the Group also operates in Chile, Venezuela, Uruguay, Bolivia, Brazil and Curaçao carrying out, as in the rest of the jurisdictions, the activity of retail and commercial banking. The combined relative weight of these countries in the Group's accounts is very limited; representing less than 2% of the Group's total consolidated income before tax generated in 2021.

The perimeter of Latin America can be consulted in Appendix I of the Consolidated Annual Accounts.

Data relating to Corporate Income tax cash payments, Corporate Income tax expense and profit before tax for the geographies comprising "Rest of South America" can be found in the Tax Information by Country section of the Group's 2021 Directors' Report.

The average nominal rate is 26.20%. The joint effective tax rate is 25.20%, practically the same.

/ REST OF EURASIA

Consolidated gross margin [1]
763

Profit (loss) before CIT
425

CIT payment (cash basis)
106

CIT accrued (current year)
87

Number of employees
2,438

Additionally, the main banking and financial institutions in the rest of Europe and Asia are in Switzerland, the Netherlands, and Romania. There are also branches located in Frankfurt, Brussels, Paris, Milan, London, 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 less than 5% of the Group's total consolidated income before tax generated in 2021.

The perimeter of the geographical areas described above can be consulted in Appendix I of the Consolidated Annual Accounts.

Data relating to Corporate Income tax cash payments, Corporate Income tax expense and profit before tax for the geographies comprising "Rest of Eurasia" can be found in the Tax Information by Country section of the Group's 2021 Directors' Report.

The average applicable nominal rate would amount to 23.01%. In 2021 the effective tax rate has risen to 20.47%, practically in line with the average nominal rate calculated for these jurisdictions.

(1) The fact that in certain geographies the business is conducted through branches (permanent establishments), the relationship of these branches with their parent company as well as the financial flows between the branches and their parent company, may condition the data reported in the geographies (both branches and parent company) specifically with regard to the gross margin with third parties and related entities.

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	**8,399**	
From continuing operations	7,247	
From discontinued operations	1,152	
Taxation at Spanish corporation tax rate 30%	**2,519**	
Lower effective tax rate from foreign entities (*)	**(332)**	
Mexico	(109)	26.94%
Chile	(5)	22.12%
Colombia	-	29.91%
Peru	5	31.28%
Turkey	(125)	23.43%
USA	(62)	18.93%
Others	(36)	
Revenues with lower tax rate (dividends/capital gains)	**(30)**	
Equity accounted earnings	**-**	
USA Sale effect	**544**	
Other effects (**)	**80**	
Income tax	**2,781**	
Of which		
Continuing operations	1,909	
Discontinued operations	872	

The Corporate Income tax expense is booked 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 Corporate Income tax expense (€ 2,781 million) between profit before tax (€ 8,399 million; it gives rise to a rate of 33.11%) does not have to coincide with the effective rate obtained by dividing the Corporate Income tax paid (€ 1,252 million) between profit before tax (€ 8,399 million; it results in a 14.91% tax rate).

In this regard, it should be noted that the balance of profit before tax includes the capital gain generated in 2021 as a result of the sale of the US business, which is classified in the income statement under profit (loss) after tax from discontinued operations. Likewise, the balance of Corporate Income tax expense in Spain is highly conditioned because it incorporates the tax effects associated with the sale of the US business, which is classified in the income statement under profit (loss) after tax from discontinued operations.

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 for.

DEFERRED TAXES

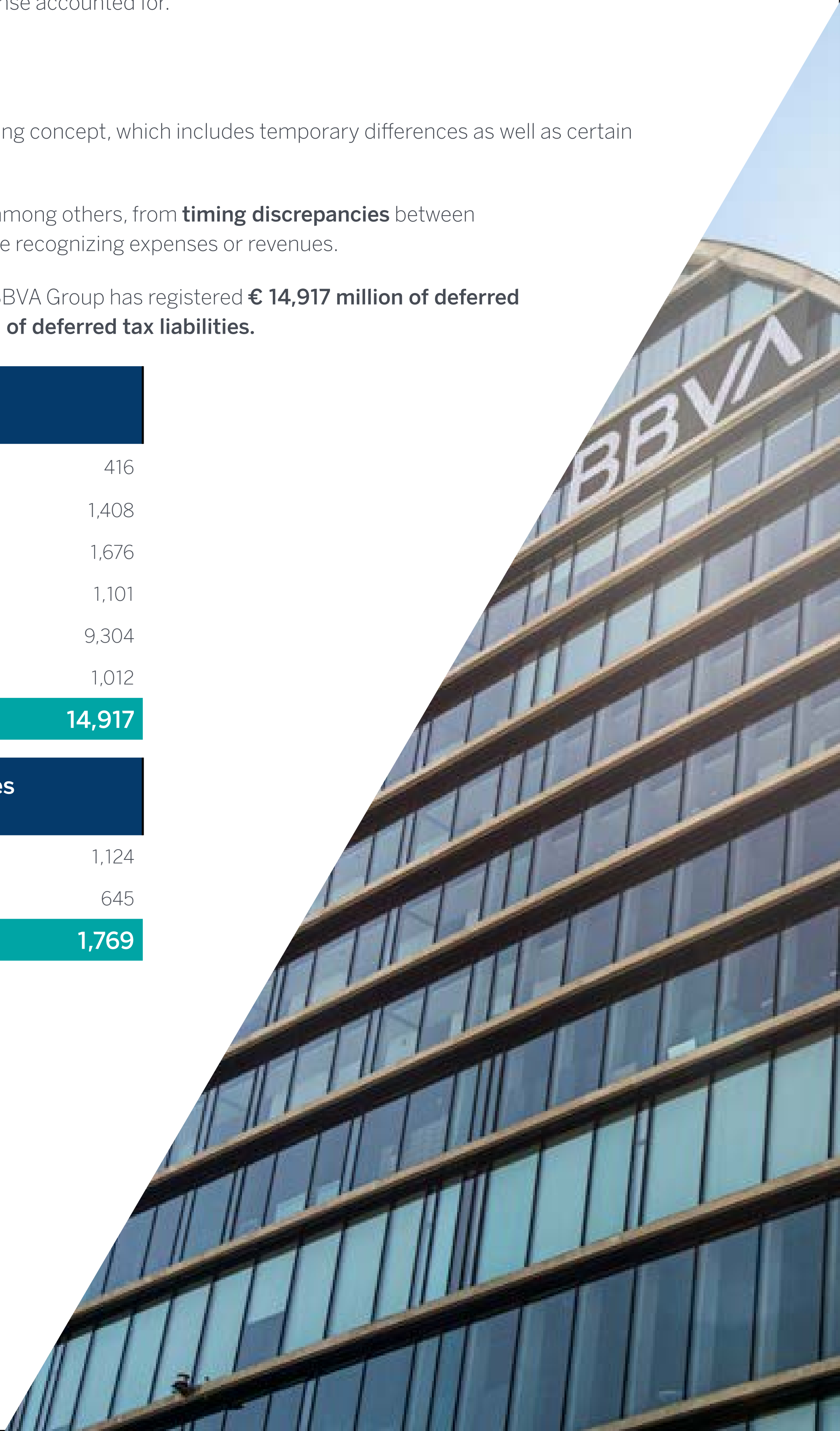
Deferred taxes are an accounting concept, which includes temporary differences as well as certain tax credits.

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

As of **December 31, 2021** the BBVA Group has registered **€ 14,917 million of deferred tax assets and € 1,769 million of deferred tax liabilities.**

Total deferred tax assets (€ Million)	
Pensions	416
Financial instruments	1,408
Loss allowances	1,676
Other	1,101
Secured tax assets	9,304
Tax losses	1,012
Total	**14,917**

Total deferred tax liabilities (€ Million)	
Financial instruments	1,124
Other	645
Total	**1,769**



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 2021 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 2021 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 ...

3. GRI-207 references

As a new feature, in 2021 we have included a new appendix to this Total Tax Contribution Report in which we identify each of the contents required by GRI 207 and indicate where they can be consulted. Although we understand that this Report already integrates each and every one of these requirements.

Disclosure	Description	Location / reference
207-1 Approach to tax	a A description of the approach to tax, including	
	i. whether the organization has a tax strategy and, if so, a link to this strategy if publicly available;	• Website bbva.com responsible taxation. Tax Strategy • Total Tax Contribution Report.
	ii. the governance body or executive-level position within the organization that formally reviews and approves the tax strategy, and the frequency of this review;	• Consolidated Management Report BBVA 2021. Tax Transparency. • Total Tax Contribution Report.
	iii.the approach to regulatory compliance;	• Consolidated Management Report BBVA 2021. Tax Transparency. • Total Tax Contribution Report.
	iv. how the approach to tax is linked to the business and sustainable development strategies of the organization.	• Consolidated Management Report BBVA 2021. Tax Transparency. • Total Tax Contribution Report. • Website bbva.com responsible taxation
207-2 Tax governance, control, and risk management	a A description of the tax governance and control framework, including:	
	i. the governance body or executive-level position within the organization accountable for compliance with the tax strategy;	• Consolidated Management Report BBVA 2021. Tax Transparency. • Total Tax Contribution Report. • Website bbva.com responsible taxation. Tax Strategy.
	ii. how the approach to tax is embedded within the organization;	• Total Tax Contribution Report.
	iii. the approach to tax risks, including how risks are identified, managed, and monitored;	• Consolidated Management Report BBVA 2021. Tax Transparency. • Total Tax Contribution Report. • Website bbva.com responsible taxation. Tax Strategy.
	iv. how compliance with the tax governance and control framework is evaluated.	• Consolidated Management Report BBVA 2021. Tax Transparency. • Total Tax Contribution Report.

207-2 Tax governance, control, and risk management (Cont.)			
	b	A description of the mechanisms for reporting concerns about unethical or unlawful behavior and the organization's integrity in relation to tax.	• Code of Conduct. • Consolidated Management Report BBVA 2021. Tax Transparency. • Total Tax Contribution Report.
	c	A description of the assurance process for disclosures on tax and, if applicable, a reference to the assurance report, statement, or opinion.	• Consolidated Management Report BBVA 2021. Tax Transparency. • Total Tax Contribution Report. • Annual Corporate Governance Report.
207-3 Stakeholder engagement and management of concerns related to tax	a	A description of the approach to stakeholder engagement and management of stakeholder concerns related to tax, including:	
		i. the approach to engagement with tax authorities;	• Consolidated Management Report BBVA 2021. Tax Transparency. • Total Tax Contribution Report. • Website bbva.com responsible taxation. Tax Strategy.
		ii. the approach to public policy advocacy on tax;	• Consolidated Management Report BBVA 2021. Tax Transparency. • Total Tax Contribution Report.
		iii.the processes for collecting and considering the views and concerns of stakeholders, including external stakeholders.	• Consolidated Management Report BBVA 2021. Tax Transparency. • Total Tax Contribution Report.
207-4 Country-by-country reporting	a	All tax jurisdictions where the entities included in the organization's audited consolidated financial statements, or in the financial information filed on public record, are resident for tax purposes.	• BBVA Consolidated Financial Statements - Appendix I. • Consolidated Management Report BBVA 2021. Tax Transparency. • Total Tax Contribution Report.

207-4 Country-by-country reporting(Cont.)	
b For each tax jurisdiction reported in Disclosure 207-4-a:	
i. Names of the resident entities;	• BBVA Consolidated Financial Statements - Appendix I.
ii. Primary activities of the organization;	• BBVA Consolidated Financial Statements - Appendix I and Appendix XIII. • Total Tax Contribution Report.
iii. Number of employees, and the basis of calculation of this number;	• BBVA Consolidated Financial Statements - Appendix XIII. • Consolidated Management Report BBVA 2021. Tax Transparency. • Total Tax Contribution Report.
iv. Revenues from third-party sales;	• Consolidated Management Report BBVA 2021. Tax Transparency. • Total Tax Contribution Report.
v.Revenues from intra-group transactions with other tax jurisdictions;	• Consolidated Management Report BBVA 2021. Tax Transparency.
vi. Profit/loss before tax;	• BBVA Consolidated Financial Statements - Appendix XIII. • Consolidated Management Report BBVA 2021. Tax Transparency. • Total Tax Contribution Report.
vii. Tangible assets other than cash and cash equivalents;	• Consolidated Management Report BBVA 2021. Tax Transparency.
viii. Corporate income tax paid on a cash basis;	• BBVA Consolidated Financial Statements - Appendix XIII. • Consolidated Management Report BBVA 2021. Tax Transparency. • Total Tax Contribution Report.
ix. Corporate income tax accrued on profit/loss;	• BBVA Consolidated Financial Statements - Appendix XIII. • Consolidated Management Report BBVA 2021. Tax Transparency. • Total Tax Contribution Report.
x. Reasons for the difference between corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax.	• Consolidated Management Report BBVA 2021. Tax Transparency. • Total Tax Contribution Report.
c The time period covered by the information reported in Disclosure 207-4.	• The period corresponds to fiscal year 2021.

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