

BBVA

Creating Opportunities

Total tax contribution

2022

A report on the economic contribution
made by the BBVA Group



Preamble

Once again, and through this report, BBVA voluntarily aims to provide a direct, clear and simple disclosure and explanation to all our stakeholders of our approach to taxation and its governance within the Group, and our total tax contribution, distinguishing by type of tax and jurisdiction.

The total tax contribution to public finances amounted to € 10,948 million in 2022. This amount includes own and third party taxes.

In 2022 we have progressively overcome the pandemic and started on the path of economic recovery in an environment still affected by uncertainty, but which has allowed us to obtain the highest profits in the BBVA Group's history. These historic results have been correlated by a record tax contribution. At BBVA, we believe that the generation of value and the tax contribution must be clearly aligned. This link between value and contribution is also allowing us to have a privileged view of the effective implementation of the so-called Pillar II, a Directive about a global minimum level of taxation for multinationals, which, developed within the OECD's Inclusive Framework and widely adopted by the European Union, will shape international taxation in the coming years.

Our vision of taxes, reflected in BBVA's Tax Strategy, goes beyond the obligatory compliance with tax regulations. By understanding them as an effective contribution to the development of the people, companies and societies in which we operate, it forms part of our differential way of doing banking. This is why at BBVA we are strongly committed to paying taxes, and why we do so in accordance with the most demanding international standards in tax matters, in line with both the letter and the spirit of tax regulations. This vision of taxation also leads us, as a financial institution, to promote tax compliance among our stakeholders and to collaborate actively with the tax authorities in sustaining the public treasury.

Society demands tangible and measurable results from multinational groups, and for this reason we understand that being transparent in tax matters is the best way to make our contribution visible, verifiable and assessable by third parties. A commitment to transparency that we started 11 years ago, and which we have maintained over time by incorporating new disclosures (such as those proposed by the Global Reporting Initiative through GRI 207) and metrics such as those of the sustainable value creation report proposed by the International Business Council (IBC) at the World Economic Forum (Davos).

This effort for transparency has obtained in 2022 the explicit recognition of entities such as the Haz Foundation, which has distinguished us with its t** certificate of transparency. At the same time, BBVA's tax communication exercises have been used as a reference in several reports of the European Business Tax Forum; an entity with which we actively collaborate in order to extend these exercises of voluntary disclosure of tax information among other multinational groups.

In addition, and in accordance with the principle of prudence that inspires our actions in the tax field, we have been reinforcing our governance and internal control model in a cycle of continuous improvement each year. This has enabled us to obtain standard UNE 19602 certification on tax risk management and control systems from AENOR in 2022. BBVA is the the first financial institution to obtain this certification.

Transparency and responsibility, together with our tax contribution and this specific vision of taxes, are key in terms of tax sustainability. This is recognized by the prestigious Dow Jones Sustainability Index which, for the fifth consecutive year, has awarded BBVA the highest score in tax matters.

The disclosure of the figures that we now provide are a good example of this consolidated commitment to transparency and responsibility that inspire us and to which we are committed; and make it possible to make our purpose a reality; "to bring the age of opportunities to everyone".



“ *The excellent results obtained by the BBVA Group in 2022 have led us to make an unprecedented tax contribution of 10,948 million euros in taxes, taking into account BBVA's own taxes and those collected on behalf of third parties, such as employees, customers or suppliers derived from our activity. A contribution to the communities in which we are present that we want it to serve to achieve our Purpose "to bring the age of opportunities to everyone" and build a more sustainable and inclusive society.*

Carlos Torres Vila. Chair BBVA

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Tax principles

1 Sustainability as a strategic priority

BBVA has defined sustainability as one of its six strategic priorities, integrating it transversally in the executive area. BBVA is guided by its purpose: "to bring the age of opportunities to everyone", which aims to have a positive impact on the lives of people, businesses and society as a whole.

In 2022, the Board of Directors approved the update of the Sustainability General Policy, which integrates the previous Corporate Social Responsibility Policies and the Sustainability General Policy. In this sense, this Policy defines and establishes the general principles, and the main goals and guidelines for the management and control to be followed by the Group in the field of sustainable development. In accordance with this Policy, the Group will follow the following general principles of action in the field of sustainability:



SUPPORT

customers in their transition to more sustainable business models



PROGRESSIVELY INCORPORATING

sustainability opportunities and risks into their strategy, business, processes and risk management



LOOK AFTER

the direct and indirect environmental and social impact



RESPECT

for the dignity of persons and human rights



DEVELOP

community investment programmes and activities



INVOLVEMENT

as an agent of social change

These Principles are integrated into BBVA's activity in relation to all its stakeholders and apply in certain areas of action, including: tax responsibility, prevention of unlawful conduct and corruption, commitment to Human Rights and participation in international initiatives¹.

¹ BBVA participates in or takes into account various supranational initiatives in close collaboration with all stakeholders (such as the industry itself, regulators and supervisors, investors and civil society organizations), as described in chapter 2.3.7 of the Consolidated Management Report of the Group's Annual Accounts for 2022.

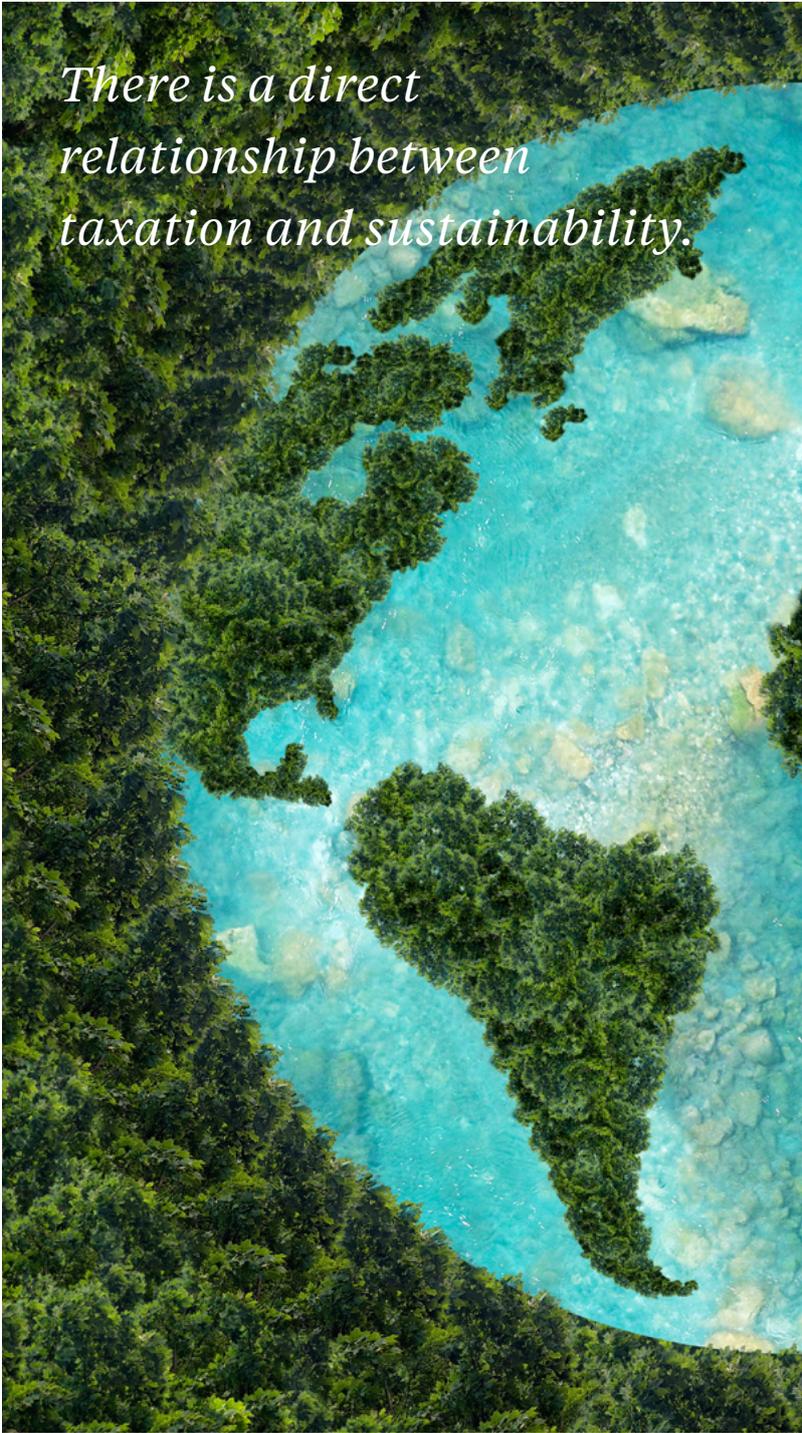
*“To bring the age
of opportunities
to everyone”*



2 Taxation and sustainability

On the one hand, revenues from taxes provide the funds to promote sustainable policies in order to achieve the United Nations Sustainable Development Goals. As the United Nations claims, States must take into account the set of incentives and disincentives that the different tax figures introduce into the markets while designing their tax systems; and therefore, the potential impact that an adequate tax system can have on 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 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).



There is a direct relationship between taxation and sustainability.



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.

It is worth highlighting the score obtained by the BBVA Group in the Dow Jones Sustainability Index (DJSI) in the taxation area. For the fifth 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. This recognition is the result of the evaluation of 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 Corporate Income Tax figures.

Member of
**Dow Jones
Sustainability Indices**

Powered by the S&P Global CSA

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 the aspects that make up sustainable taxation as part of our identity. Specifically, the Sustainability General Policy states that "BBVA undertakes its activity by complying accordingly with its tax obligations and avoids any practice that involves the unlawful avoidance of the payment of taxes or damage to 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

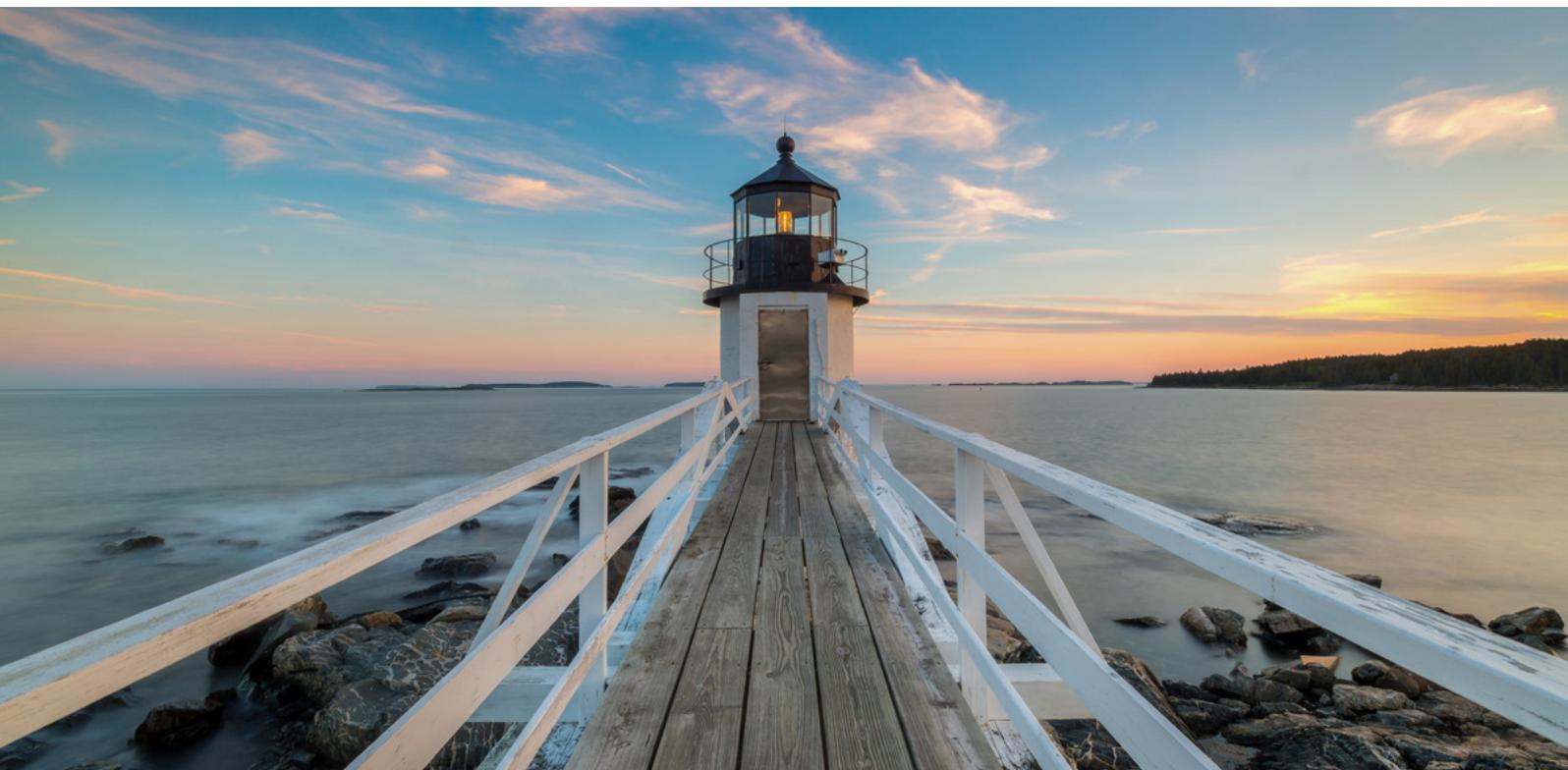
When it comes to tax matters, integrity means the **observance of the letter and spirit of the law** and the maintenance of a cooperative and good faith relationship with the different Tax Administrations.

PRUDENCE

In the tax context, BBVA always **considers in advance** the implications of its decisions, including, among others, the environmental, social and corporate governance impact that its activity may have on the geographical areas where 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:



The commitment to pay the taxes in all the fiscal figures, informing stakeholders of the payment of taxes countries in which it carries out its activity.



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



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



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



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



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



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.



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.



Addressing the tax challenges raised by the digital economy by incorporating virtual.



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.

To make this happen, our Tax Strategy has been developed through a body of internal 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 internal tax rules 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 internal tax rules that develop it are enabling us to anticipate and integrate the results of the so-called Pillar II, about a global minimum level of taxation for multinational enterprise groups, adopted by OECD's Inclusive

Framework and the European Union once a recent commitment has been reached and a Directive adopted and published.

All of them, Strategy and internal tax rules, 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 internal rules 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).

To support these objectives, BBVA provides the necessary resources in accordance with the law so that Tax Authorities can exercise their policies aimed at fulfilling the Sustainable Development Goals. We also cooperate with these authorities and incorporate responsibility in the tax area as an essential element of its action.



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.

RESPECT



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. Furthermore, in section 2.4 of the BBVA and Human Rights document, we are committed to being transparent in paying taxes, while applying the principles of integrity and prudence, and breaking down our tax contribution in all geographies we operate.

REMEDY



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 the global area of Sustainability, 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

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 off-shore, 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 2022, provides detailed information on the offshore financial centers where the Group is present.



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.



6 Improvements in tax control and governance

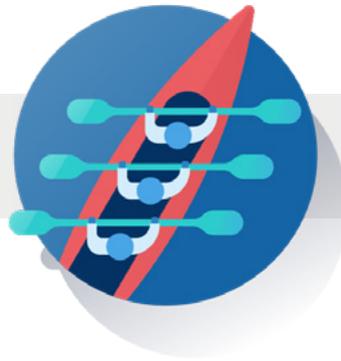
The Tax Function in the BBVA Group

The main purpose of the BBVA Groups' 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 to both the local Finance Directors and 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, Transfer Pricing and reporting implications arising from the "DAC6" Directive.

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 tax 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 of the relevant tax information. During the year 2022, the BBVA Group's head of the tax function appeared before the Group's Audit Committee to report, among other matters, on the main tax policies and criteria followed by the Group in compliance with the "*Código de Buenas Prácticas Tributarias*" -Code of Good Tax

Practices- to which it is adhered, as well as the most relevant information relating to ongoing or completed tax litigations and inspections.

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

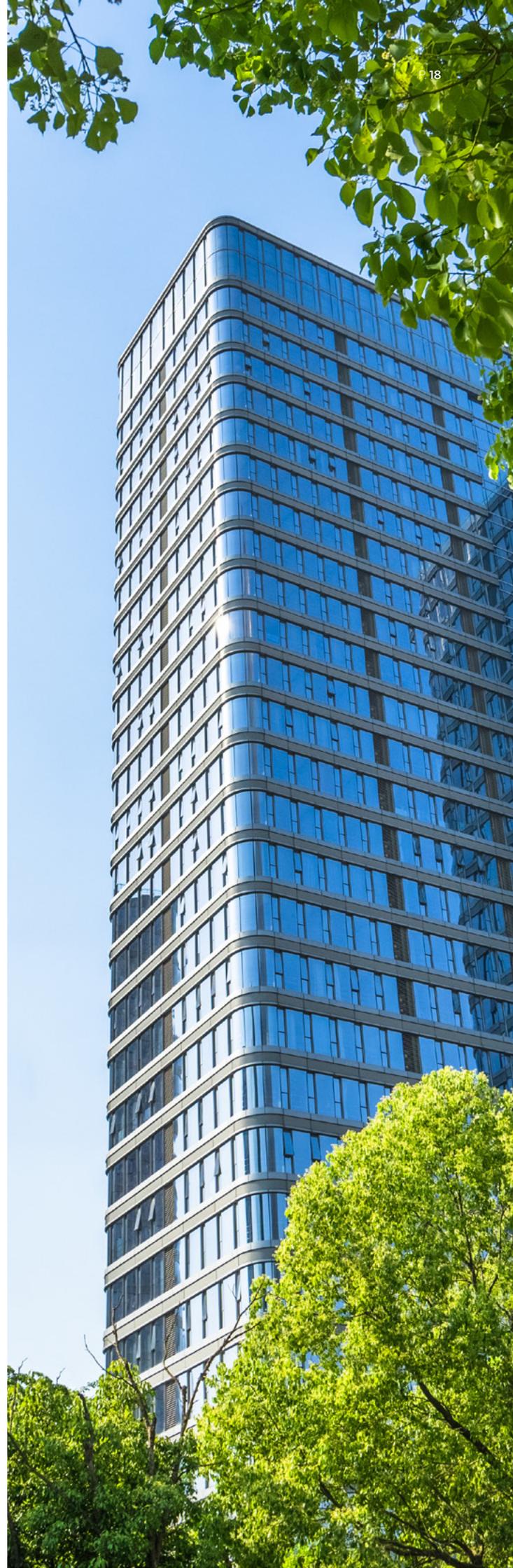
The following is a brief description of the main aspects on which the BBVA Group's Tax Control framework is based.

Tax Risk Control

The BBVA Group will always adopt well-founded interpretations of the law when making decisions on tax matters, always guided by the principles established in the Tax Strategy approved by the Board of Directors. When adopting such decisions, the assumed risk 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.

Without prejudice to the above, it is always possible for tax risk to materialize, and in accordance with the provisions of Law 31/2014, the BBVA Group has specific policies and procedures for the proper control of such 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 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.
-  The short and **long-term tax implications and consequences** of each tax position adopted, should be identified.
-  All relevant facts and background should be **adequately documented**.
-  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

DEVELOP

recovery measures that enable dynamic tax risk management

ASSESS

the impact of the materialization of the tax risks

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.



UNE 19602 Certification

In 2022, our governance model and our tax risk management and control system underwent a thorough review and verification by AENOR to determine the adequacy of our control system to the technical standard UNE 19602. Since its approval, this standard, as a development of ISO standardization, has become the reference standard for tax management and control systems due to its scope and completeness, addressing aspects such as Tax Strategy, the role of Governance Bodies, top management, and individuals especially exposed to fiscal risk; detection, assessment, mitigation, and control processes for fiscal risks; control environment, reporting channel, training, or the continuous improvement cycle of the model, among others.

BBVA has once again become a pioneer by becoming the first financial institution to obtain this certification in 2022, which undoubtedly results in the adaptation of its management and control systems to the highest standards and the accreditation of its due diligence in tax matters. You can verify it [here](#). 

7 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, also during this year 2022 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 2020"* ("Self-assessment Report on the data reported in the country-by-country tax return for the fiscal year 2020"). 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.



8 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 2022 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 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.

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



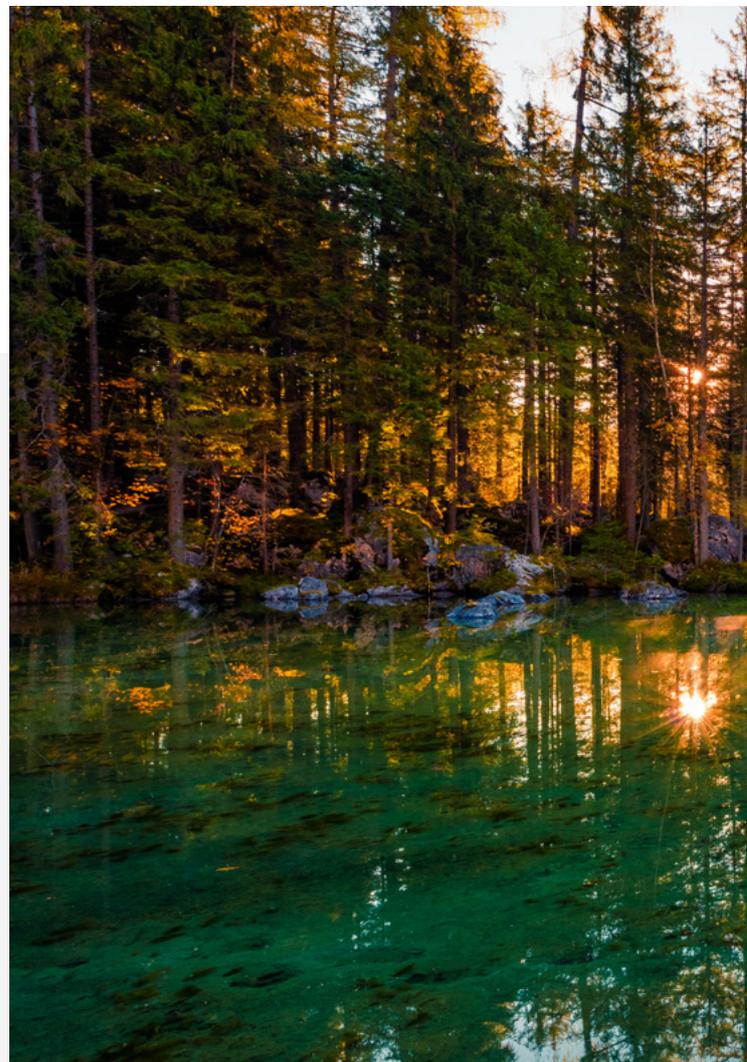
paying dividends to our shareholders,



salaries to our employees and



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

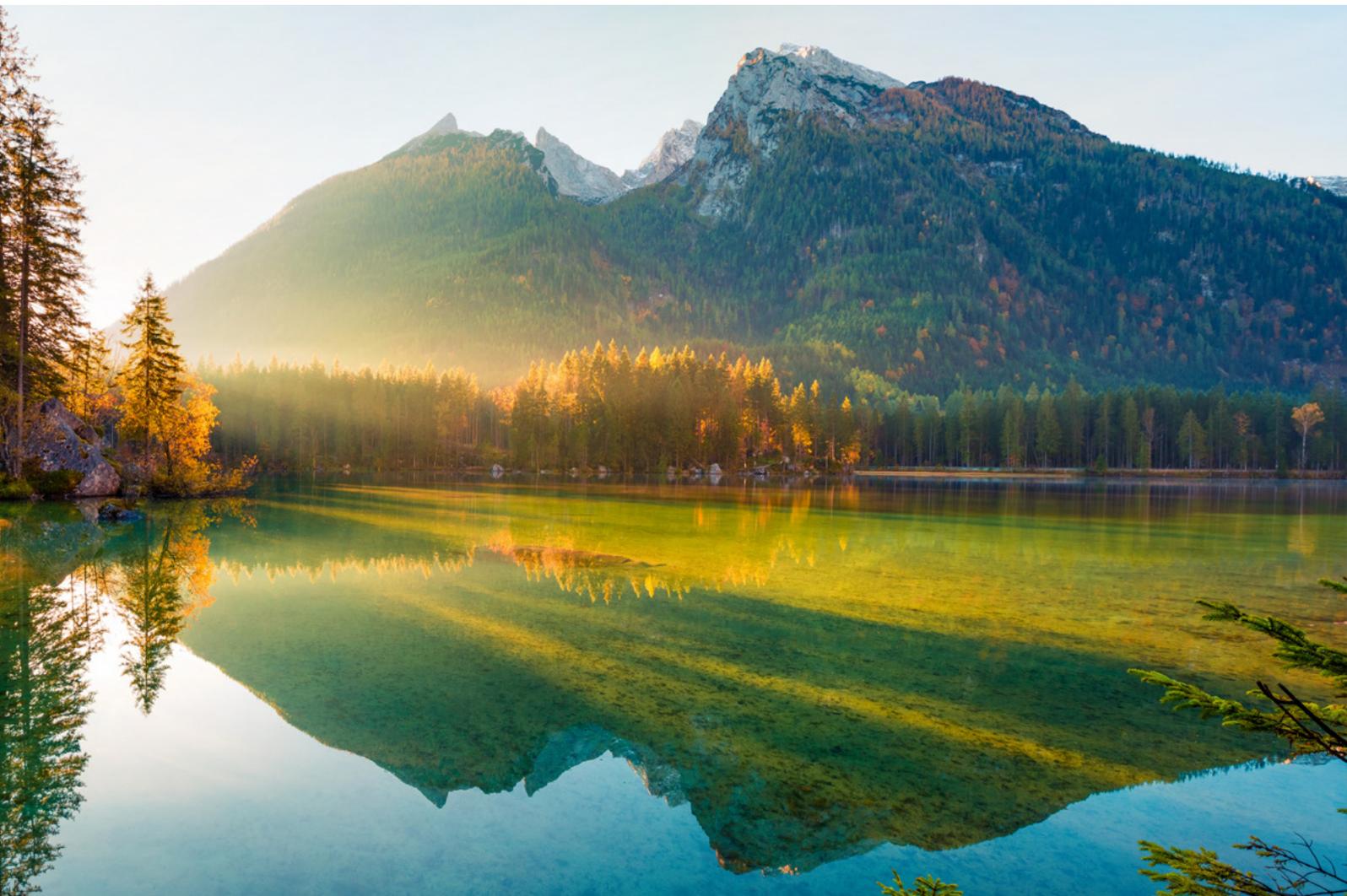


This Report uses PwC´s **Total Tax Contribution (TTC)** methodology, which takes into account all the different taxes that a company pays and manages, including:

- Corporate Income taxes
- payroll taxes,
- value added taxes (VAT),
- 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 2022 we have carried out an important additional exercise of transparency in tax matters for all our stakeholders, which includes, among others, the **following issues**:



1

We integrate the latest GRI approved standards 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.

In addition, following the revised GRI standards, this year we include the new "Disclosure 2-27 Compliance with laws and regulations". This disclosure aims to reportsignificant instances of non-compliance that resulted in sanctions, also in tax matters.

Since 2021 we include 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. This year we have also included the information relating Disclosure 2-27.



2

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

For the **fifth 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. To reach this conclusion, they have assessed the Group's Tax Strategy, the exercise of tax transparency carried out by the Group as well as the magnitudes relating to Corporate Income Tax.

As it is well known, the sustainability indices subject companies wishing to be included in them 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. The BBVA Group achieved once again the higher score in the tax area.



BY THE DOW JONES
SUSTAINABILITY INDEX



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3

We reinforce our commitment to promoting transparency

At BBVA we work towards promoting transparency in tax matters. In this regard, we have promoted initiatives that help to generalise this practice in the business world.

As in previous years, in 2022 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.

Furthermore, in Spain, we have participated and collaborated in the development of the Total Tax Contribution report of the Ibex 35 in 2020 by PwC, published in 2022.



4

Recognition from the "Fundación Haz"

BBVA has obtained the transparency seal in the 't**' category awarded by "Fundación Haz", after analyzing the compliance results of the indicators of transparency of information on tax matters.

This represents support and recognition for the trajectory and commitment of the Group in conveying to all its stakeholders our way of understanding and managing taxation.



5

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. On 22 December 2022, the Law 28/2022 of December 21, which transposes into domestic legislation the content of above mentioned Directive, was published in the Spanish Official Gazette.

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. The obligation to make it public will apply for fiscal years starting from June 22nd, 2024. Some taxpayers, such as credit institutions that are already obliged to publish the "Informe bancario anual" for the purposes of article 87 of Law 10/2014 of June 26th, related to regulation, supervision and solvency of credit institutions, will be exempt from this new obligation.

At BBVA we believe that all these regulatory initiatives confirm that the path we decided to follow 11 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 we are 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 2022 relevant data

The total tax contribution of the BBVA Group to public finances amounted to **€ 10,948 million in 2022**. € 5,023 million corresponds to own taxes and € 5,925 million corresponds to third party taxes.

Of the € 5,023 million of taxes that the Group paid on its own in 2022, € 3,166 million corresponds to payments related to Corporate Income tax. This means that 30.57% of the profit before taxes gained by Group BBVA has been destined to the payment of Corporate Income tax.

€10,948_M
TOTAL TAX CONTRIBUTION
OF THE BBVA GROUP

 OWN TAXES
€5,023_M

 THIRD PARTY TAXES
€5,925_M

€10,356_M
PROFIT BEFORE
CORPORATE INCOME TAX



€3,166_M
CORPORATE INCOME
TAX PAID

OWN AND THIRD PARTY TAXES VS BBVA'S GROUP TURNOVER

If we compare the total tax contribution made by the Group BBVA to the public finances in 2022 (€ 10,948 million) with the generated turnover (€ 24,890 million), we can say that for every €100 of the turnover earned by the BBVA Group during 2022, the Group has paid € 44 in taxes.

Of these €44...

€20
are taxes paid on its own.

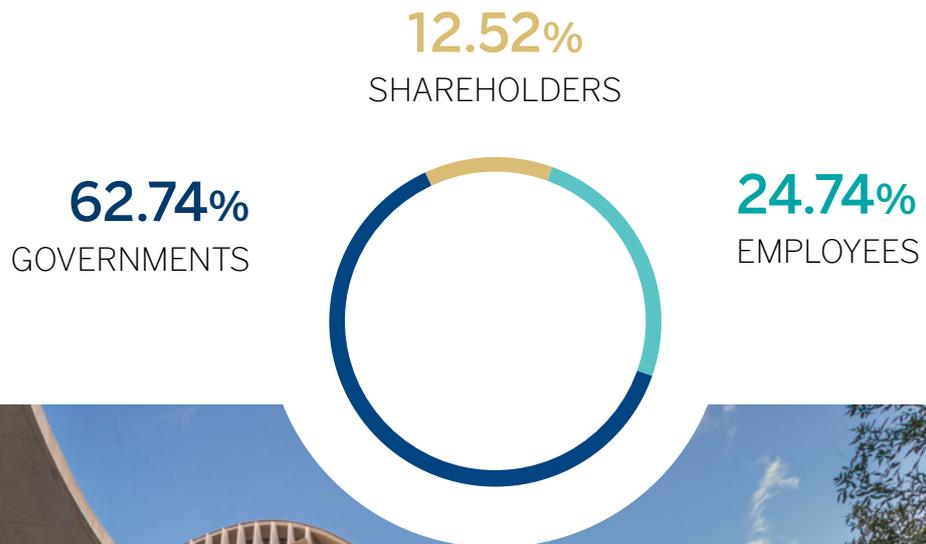
€24
are taxes paid on behalf
of third parties.

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, 62.74% of the economic contribution made by BBVA to society corresponds to both own taxes and third party taxes; while 24.74% corresponds to salaries paid to our employees and 12.52% to those dividends paid to our shareholders.

Economic contribution made by the BBVA Group to society in 2022



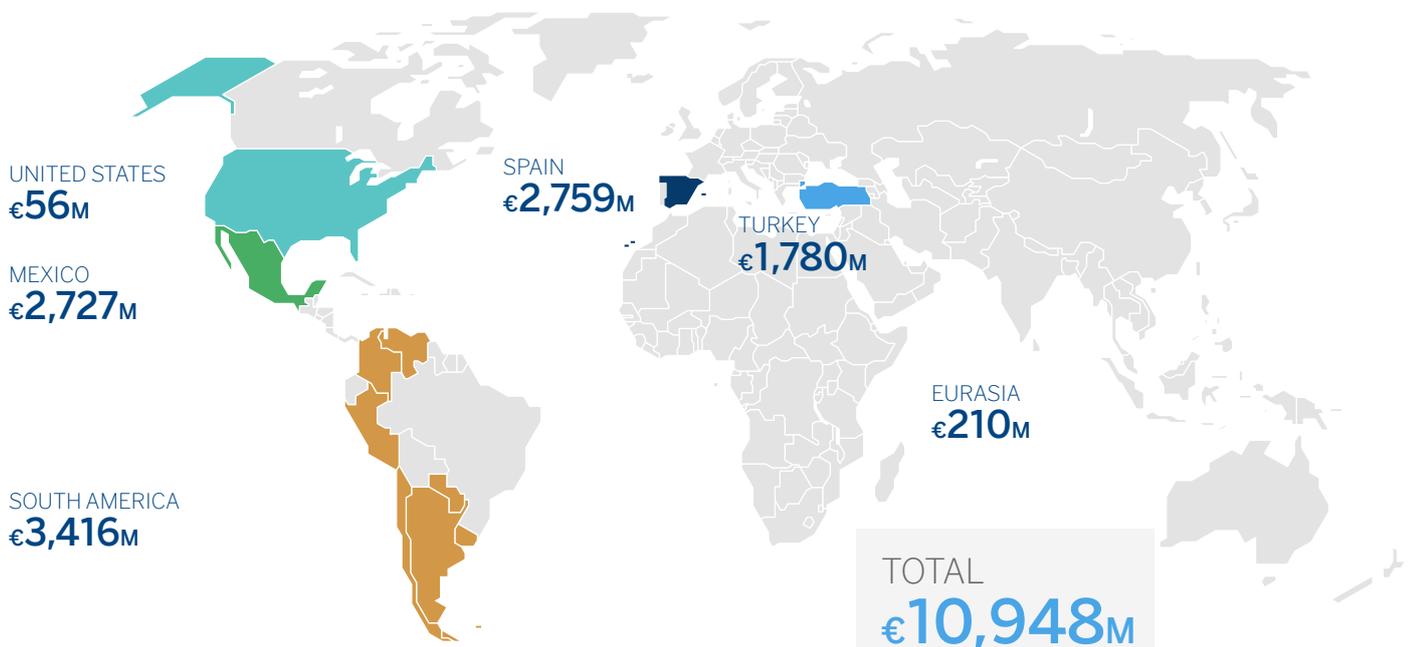
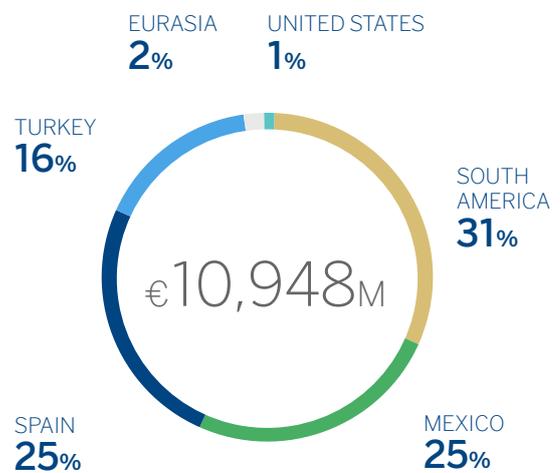
2 How many taxes has BBVA paid in 2022?

BBVA is a global financial group founded in 1857. It employs more than 113,000 people in **25 countries** around the world. It has over 89 million customers and more than 801,000 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 2022 by geographical areas:**



Below is a breakdown of the BBVA Group's own and third-party taxes paid in each jurisdiction during 2022:

(Millions of euros)

Country	Own taxes	Third party taxes	Total
Spain	1,326	1,433	2,759
Belgium	0	1	1
China	0	1	1
Cyprus	3	3	6
France	29	1	30
Germany	20	4	24
Italy	13	3	16
Malta	4	0	4
Netherlands, The	10	6	16
Portugal	15	19	34
Romania	11	17	28
Singapore	3	0	3
Switzerland	7	7	14
Taiwan	0	1	1
United Kingdom	21	11	32
Eurasia	136	74	210
Turkey	1,196	584	1,780
Argentina	261	2,068	2,329
Bolivia	4	5	9
Chile	27	19	46
Colombia	206	351	557
Curacao	0	1	1
Peru	284	77	361
Uruguay	43	26	69
Venezuela	7	37	44
South America	832	2,584	3,416
Mexico	1,505	1,222	2,727
United States	28	28	56
Total	5,023	5,925	10,948

€10,948 million of taxes paid by the BBVA Group in 2022

3 Type of taxes paid by the BBVA Group in 2022

The table below shows in detail the different types of taxes that the BBVA Group has paid throughout the year 2022 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.

(Millions of euros)

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	549	336	184	257	1,326	717	669	21	26	1,433	2,759
Belgium	0	0	0	0	0	0	1	0	0	1	1
China	0	0	0	0	0	0	1	0	0	1	1
Cyprus	3	0	0	0	3	1	1	1	0	3	6
France	25	4	0	0	29	0	1	0	0	1	30
Germany	19	1	0	0	20	0	4	0	0	4	24
Italy	11	2	0	0	13	0	3	0	0	3	16
Malta	4	0	0	0	4	0	0	0	0	0	4
Netherlands, The	7	2	0	1	10	0	7	0	-1	6	16
Portugal	6	5	0	4	15	1	8	8	2	19	34
Romania	9	1	0	1	11	1	14	0	2	17	28
Singapore	3	0	0	0	3	0	0	0	0	0	3
Switzerland	5	2	0	0	7	0	2	5	0	7	14
Taiwan	0	0	0	0	0	0	0	0	1	1	1
United Kingdom	15	4	1	1	21	0	11	0	0	11	32
Eurasia	107	21	1	7	136	3	53	14	4	74	210
Turkey	948	78	40	130	1,196	66	119	399	0	584	1,780
Argentina	7	39	208	7	261	300	21	1,502	245	2068	2,329
Bolivia	3	1	0	0	4	0	1	0	4	5	9
Chile	22	0	1	4	27	0	2	12	5	19	46
Colombia	123	21	32	30	206	70	19	202	60	351	557
Curacao	0	0	0	0	0	0	1	0	0	1	1
Peru	222	9	12	41	284	1	40	21	15	77	361
Uruguay	18	11	10	4	43	2	19	0	5	26	69
Venezuela	2	0	3	2	7	1	0	35	1	37	44
South America	397	81	266	88	832	374	103	1,772	335	2584	3,416
Mexico	1,141	170	41	153	1,505	110	323	0	789	1,222	2,727
United States	24	4	0	0	28	0	28	0	0	28	56
Total	3,166	690	532	635	5,023	1,270	1,295	2,206	1,154	5,925	10,948

4 Which type of own taxes has the BBVA Group paid in 2022?

The chart shows the distribution of the **€5,023 million of own taxes paid** by the BBVA Group in 2022.

Corporate Income tax is the largest payment, €3,166 million, representing 63.03% of the total tax payments made by the Group BBVA on its own in 2022.

Value-added tax accounts for 12.64%, **employee and professional taxes** for 13.74% and **other taxes** for 10.59% which include, among others, real estate taxes, trade tax and local taxes.

OTHER TAXES

10.59% | €532M

VAT

12.64% | €635M

EMPLOYEES
PROFESSIONALS

13.74% | €690M



CORPORATE INCOME TAX

63.03% | €3,166M

Financial Statements

1 “Informe bancario anual” in 2022

The BBVA Group has been publishing since 2014 the “Informe bancario anual” 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, 2022 (Millions of euros)

Country ⁽¹⁾	CIT payments cash basis ⁽²⁾	CIT expense	PBT	Gross margin	N° employees ⁽³⁾	Activity	Main Entity
Germany	19	10	30	45	38	Banking services	BBVA, S.A. - Frankfurt Branch Office
Argentina	7	-13	253	1,208	5,421	Finance, banking and insurance services	Banco BBVA Argentina S.A.
Belgium	—	—	2	5	21	Banking services	BBVA, S.A. - Brussels Branch Office
Bolivia	3	4	16	32	466	Pensions	BBVA Previsión AFP S.A.
Brazil	—	1	1	3	—	Financial services	BBVA Brasil Banco de Investimento, S.A.
Chile	22	6	49	171	767	Financial services	Forum Servicios Financieros, S.A.
China	—	—	—	5	25	Banking services	BBVA, S.A. - Shanghai Branch Office
Cyprus	3	3	12	14	106	Banking services	Garanti BBVA AS - Nicosia Branch Office
Colombia	123	126	342	1,024	6,623	Finance, banking and insurance services	BBVA Colombia S.A.
Curaçao	—	—	2	5	15	Finance and banking services	Banco Provincial Overseas N.V.
Spain	549	496	1,297	6,331	24,875	Finance, banking and insurance services	BBVA, S.A.
United States	24	18	67	160	347	Finance and banking services	BBVA, S.A. - New York Branch Office
France	25	13	51	81	67	Banking services	BBVA, S.A. - Paris Branch Office
Hong Kong	—	5	34	69	93	Banking services	BBVA, S.A. - Hong-Kong Branch Office
Italy	11	33	110	84	52	Banking services	BBVA, S.A. - Milan Branch Office
Japan	—	—	-1	—	4	Banking services	BBVA, S.A. - Tokio Branch Office
Malta	4	3	41	65	14	Banking services	Garanti BBVA AS - La Valeta Branch Office
Mexico	1,141	1,492	5,592	10,344	43,500	Finance, banking and insurance services	BBVA México, S.A.
Netherlands	7	14	53	99	205	Finance and banking services	Garantibank BBVA International N.V.
Peru	222	163	599	1,484	6,516	Finance and banking services	BBVA Banco Continental S.A.
Portugal	6	-1	45	103	427	Finance and banking services	BBVA, S.A. - Portugal Branch Office
United Kingdom	15	7	60	130	128	Banking services	BBVA, S.A. - London Branch Office
Romania	9	8	46	123	1,135	Finance and banking services	Garanti Bank S.A.
Singapore	3	3	20	23	15	Banking services	BBVA, S.A. - Singapore Branch Office
Switzerland	5	2	9	46	120	Finance and banking services	BBVA Switzerland S.A.
Taiwan	—	1	1	9	12	Banking services	BBVA, S.A. - Taipei Branch Office
Turkey	948	1,079	1,494	2,885	20,201	Finance, banking and insurance services	Garanti BBVA A.S.
Uruguay	18	19	49	183	573	Finance and banking services	BBVA Uruguay S.A.
Venezuela	2	37	82	157	1,788	Finance, banking and insurance services	BBVA Banco Provincial S.A.
Total	3,166	3,529	10,356	24,890	113,554		

⁽¹⁾The results of this breakdown of the branches are integrated in the financial statements of the parent companies on which they depend.

⁽²⁾The amounts of “Cash payments of corporate income tax” are highly conditioned and derive fundamentally from the methodology for calculating the instalment payments provided for in the regulations governing corporate income tax in the different geographical areas, producing differences between the instalment payments made in the current year and the refund of instalments 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 instalment 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.

⁽³⁾Full time employees. The 39 employees of representative offices are not included in the total number.

2 Country by country reporting

Since 2020 we have been adapting 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 following country-by-country reporting information under the GRI 207 standard can also be found in the 2022 Annual Management Report.

Tax information by areas 2022 (Millions of euros, number of employees)

	Consolidated gross margin third parties	Profit (loss) before CIT	CIT payments ⁽¹⁾ cash basis	CIT expense	Nº employees
Argentina	1,208	253	7	-13	5,421
Colombia	1,024	342	123	126	6,623
Spain	6,228	1,297	549	496	24,875
Mexico	10,429	5,592	1,141	1,492	43,500
Peru	1,484	599	222	163	6,516
Turkey	2,845	1,494	948	1,079	20,201
Rest of Europe and Asia	986	513	107	101	2,462
Rest of America	686	266	69	85	3,956
Total	24,890	10,356	3,166	3,529	113,554

⁽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.

ARGENTINA



 Consolidated gross margin
€1,208M

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.

 Profit (loss) before CIT
€253M

The nominal tax rate in Argentina is 35%. The fact of being considered a hyperinflationary economy and the consequent restatement of its financial statements causes, in general, a distortion in the country's effective tax rate. Additionally, in 2022, the effects associated with the application of the tax adjustment for inflation as well as the tax revaluation of BBVA Argentina's fixed assets, also linked to inflation, explain the country's tax rate.

 CIT payments (cash basis)
€7M

 CIT expense
€-13M

 Number of employees
5,421

COLOMBIA



 Consolidated gross margin
€1,024M

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.

 Profit (loss) before CIT
€342M

The nominal tax rate in Colombia is 38% (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 cause the effective tax rate to be different from the nominal one.

 CIT payments (cash basis)
€123M

 CIT expense
€126M

 Number of employees
6,623

SPAIN



 Consolidated gross margin
€6,228M

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.

 Profit (loss) before CIT
€1,297M

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.

 CIT payments (cash basis)
€549M

For these purposes, in the year 2022, its tax rate stands out, above 30%, mainly due to the limitation of the exemption of intragroup dividends, as well as the tax effects derived from the purchase operation of the company Tree Inversiones Inmobiliarias, SOCIMI, S.A. to Merlin Properties.

 CIT expense
€496M

 Number of employees
24,875

MEXICO



 Consolidated gross margin
€10,429M

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.

 Profit (loss) before CIT
€5,592M

The nominal tax rate in Mexico is 30% and its effective tax rate is 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 2022, the fiscal adjustment for inflation that contributes to the drop in said rate.

 CIT payments (cash basis)
€1,141M

 CIT expense
€1,492M

 Number of employees
43,500

PERU



 Consolidated gross margin
€1,484M

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.

 Profit (loss) before CIT
€599M

The nominal tax rate in Peru is 29.5% and in year 2022 its effective tax rate is lower, mainly due to the weight of certain exempt income (i.e. exemption of interest on deposits in the Central Reserve Bank and for the interests of Public Treasury bonds).

 CIT payments (cash basis)
€222M

 CIT expense
€163M

 Number of employees
6,516

TURKEY

 Consolidated gross margin
€2,845M

 Profit (loss) before CIT
€1,494M

 CIT payments (cash basis)
€948M

 CIT expense
€1,079M

 Number of employees
20,201

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.

In June, the Group agreed to apply IAS 29 ("Financial reporting in hyperinflationary economies") to Group entities in Turkey with effect from January 1, 2022. Despite Turkey's status as a hyperinflationary economy, in fiscal year 2022, Turkish tax regulations do not provide for the application of any inflation adjustment, resulting in significant upward distortions to Turkey's effective tax rate.

In addition, at the beginning of the fiscal year, the nominal rate was expected to be 23% in 2022 and 20% in the following years. However, in April 2022 the nominal tax rate in Turkey was reformed again and, as a result of this tax reform, the nominal tax rate for the financial sector became 25% in 2022 and subsequent years. In 2022 the effective tax rate has been higher than the nominal rate of 25% mainly due to the negative effect caused by the restatement of the financial statements and the impossibility of applying the tax adjustment for inflation.

REST EURASIA



 Consolidated gross margin
€986M

 Profit (loss) before CIT
€513M

 CIT payments (cash basis)
€107M

 CIT expense
€101M

 Number of employees
2,462

Additionally, in the rest of Europe and Asia, the banking and financial entities located in Switzerland, the Netherlands, Romania stand out, and on the other hand, the branches located in Frankfurt, Brussels, Paris, Milan, London, Portugal, Taipei, Tokyo, Hong Kong, Singapore, Shanghai, Malta and Cyprus whose main activity falls within the field of Corporate and Investment Banking. The joint relative weight of these countries in the Group's accounts is limited, representing 5% of the total consolidated Profit Before Taxes of the Group generated in 2022.

The applicable average nominal rate would amount to 22.55%. In 2022, the effective tax rate has been lower than the average nominal rate, among other reasons, due to the registration of tax assets in Portugal.

REST AMERICA



 Consolidated gross margin
€686M

 Profit (loss) before CIT
€266M

 CIT payments (cash basis)
€69M

 CIT expense
€85M

 Number of employees
3,956

Likewise, the Group is also present in the United States, Chile, Venezuela, Uruguay, Bolivia, Brazil and Curaçao, basically carrying out, as in the rest of the jurisdictions, retail and commercial banking activities. The joint relative weight of these countries in the Group's accounts is very limited; representing less than 3% of the total consolidated Profit Before Taxes of the Group generated in 2022.

The applicable average nominal rate would amount to 28.70%. The effective tax rate is higher than the average nominal rate, among other reasons, affected by the peculiarities of jurisdictions such as Venezuela being a hyperinflationary economy.

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)	2022	
	Amount	Effective tax (%)
Profit or (-) loss before tax	10,356	
From continuing operations	10,356	
From discontinued operations	-	
Taxation at Spanish corporation tax rate 30%	3,107	
Lower/higher effective tax rate from foreign entities ⁽¹⁾	315	
Mexico	(205)	26%
Chile	(8)	13%
Colombia	24	37%
Peru	(16)	27%
Turkey	621	70%
USA	17	17%
Others	(118)	
Revenues with lower tax rate (dividends/capital gains)	(25)	
Equity accounted earnings	(6)	
Other effects	138	
Income tax	3,529	
Of which: Continuing operations	3,529	
Of which: Discontinued operations	0	
Operaciones interrumpidas	0	

⁽¹⁾ Calculated by applying the difference between the tax rate in force in Spain and the one applied to the Group's earnings in each jurisdiction.

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 (€ 3,529 million) between profit before tax (€ 10,356 million; it gives rise to a rate of 34.08%) does not have to coincide with the effective rate obtained by dividing the Corporate Income tax paid (€ 3,166 million) between profit before tax (€ 10,356 million; it results in a 30.57% tax rate).

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, 2022 the BBVA Group has registered € 14,494 million of deferred tax assets and € 1,326 million of deferred tax liabilities.



Total deferred tax assets and liabilities (Millions of euros)

Total deferred tax assets	
Pensions	422
Financial instruments	1,302
Loss allowances	1,834
Other	1,184
Secured tax assets	8,689
Tax losses	1,063
Total	14,494
Total deferred tax liabilities	
Financial instruments	568
Other	758
Total	1,326

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 the year 2022 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 2022 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:

BEPS

This is the acronym for "Base Erosion and Profit Shifting". A project sponsored by the OECD with the aim of generating new international consensus and standards aimed at combating aggressive tax planning and strengthening collaboration between tax administrations.

DAC 6

Acronym used to designate Council Directive (EU) 2018/822 of 25 May 2018, which implements the sixth amendment to the European Union Directive on administrative cooperation in the field of taxation, and by which both entities and intermediaries are obliged to report certain schemes or transactions that may qualify as aggressive tax planning, so that such information is automatically exchanged between the tax authorities of the Member States.

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 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...

Pillar II

It is a continuation of the work started in the BEPS project, incorporating new jurisdictions (Inclusive Framework). Pillar II establishes a series of taxation mechanisms to ensure that certain multinationals pay a global minimum tax of 15%, thereby discouraging aggressive tax planning schemes and the consequences of the possible use of non-cooperative jurisdictions.

Withholding on income taxes

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

3 GRI Disclosures

As a new feature, in 2022 we have included GRI Disclosures 2-27 Compliance with laws and regulations in Appendix 3 “GRI Disclosures”.

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;	<ul style="list-style-type: none"> • 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;	<ul style="list-style-type: none"> • Consolidated Management Report BBVA 2022. Tax Transparency. • Total Tax Contribution Report.
	iii.the approach to regulatory compliance;	<ul style="list-style-type: none"> • Consolidated Management Report BBVA 2022. Tax Transparency. • Total Tax Contribution Report.
	iv. how the approach to tax is linked to the business and sustainable development strategies of the organization.	<ul style="list-style-type: none"> • Consolidated Management Report BBVA 2022. 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;	<ul style="list-style-type: none"> • Consolidated Management Report BBVA 2022. Tax Transparency. • Total Tax Contribution Report. • Website bbva.com responsible taxation. Tax Strategy.
	ii. how the approach to tax is embedded within the organization;	<ul style="list-style-type: none"> • Total Tax Contribution Report.
	iii. the approach to tax risks, including how risks are identified, managed, and monitored;	<ul style="list-style-type: none"> • Consolidated Management Report BBVA 2022. 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.	<ul style="list-style-type: none"> • Consolidated Management Report BBVA 2022. Tax Transparency. • Total Tax Contribution Report.

207-2 Tax governance, control, and risk management (Cont.)

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| b | A description of the mechanisms for reporting concerns about unethical or unlawful behavior and the organization's integrity in relation to tax | <ul style="list-style-type: none"> • Code of Conduct. • Consolidated Management Report BBVA 2022. Tax Transparency. • Total Tax Contribution Report. |
| <hr/> | | |
| c | A description of the assurance process for disclosures on tax and, if applicable, a reference to the assurance report, statement, or opinion. | <ul style="list-style-type: none"> • Consolidated Management Report BBVA 2022. Tax Transparency. • Total Tax Contribution Report. • Annual Corporate Governance Report. |
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207-3 Stakeholder engagement and management of concerns related to tax

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| 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; | <ul style="list-style-type: none"> • Consolidated Management Report BBVA 2022. Tax Transparency. • Total Tax Contribution Report. • Website bbva.com responsible taxation. Tax Strategy. |
| | ii. the approach to public policy advocacy on tax; | <ul style="list-style-type: none"> • Consolidated Management Report BBVA 2022. Tax Transparency. • Total Tax Contribution Report. |
| | iii. the processes for collecting and considering the views and concerns of stakeholders, including external stakeholders. | <ul style="list-style-type: none"> • Consolidated Management Report BBVA 2022. Tax Transparency. • Total Tax Contribution Report. |
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207-4 Country-by-country reporting

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| 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. | <ul style="list-style-type: none"> • BBVA Consolidated Financial Statements - Appendix I. • Consolidated Management Report BBVA 2022. Tax Transparency. • Total Tax Contribution Report |
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207-4 Country-by-country reporting (Cont.)

b	For each tax jurisdiction reported in Disclosure 207-4-a:	
	i. Names of the resident entities;	<ul style="list-style-type: none"> • BBVA Consolidated Financial Statements - Appendix I.
	ii. Primary activities of the organization;	<ul style="list-style-type: none"> • 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;	<ul style="list-style-type: none"> • BBVA Consolidated Financial Statements - Appendix XIII. • Consolidated Management Report BBVA 2022. Tax Transparency. • Total Tax Contribution Report.
	iv. Revenues from third-party sales;	<ul style="list-style-type: none"> • Consolidated Management Report BBVA 2022. Tax Transparency. • Total Tax Contribution Report.
	v. Revenues from intra-group transactions with other tax jurisdictions;	<ul style="list-style-type: none"> • Consolidated Management Report BBVA 2022. Tax Transparency..
	vi. Profit/loss before tax;	<ul style="list-style-type: none"> • BBVA Consolidated Financial Statements - Appendix XIII. • Consolidated Management Report BBVA 2022. Tax Transparency. • Total Tax Contribution Report.
	vii. Tangible assets other than cash and cash equivalents;	<ul style="list-style-type: none"> • Consolidated Management Report BBVA 2022. Tax Transparency..
	viii.. Corporate income tax paid on a cash basis;	<ul style="list-style-type: none"> • BBVA Consolidated Financial Statements - Appendix XIII. • Consolidated Management Report BBVA 2022. Tax Transparency. • Total Tax Contribution Report.
	ix. Corporate income tax accrued on profit/loss;	<ul style="list-style-type: none"> • BBVA Consolidated Financial Statements - Appendix XIII. • Consolidated Management Report BBVA 2022. 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.	<ul style="list-style-type: none"> • Consolidated Management Report BBVA 2022. Tax Transparency. • Total Tax Contribution Report.
c	The time period covered by the information reported in Disclosure 207-4.	<ul style="list-style-type: none"> • The period corresponds to fiscal year 2022.

2-27
Compliance
with laws and
regulations

The organization shall:

- a. report the total number of significant instances of non-compliance with laws and regulations during the reporting period, and a breakdown of this total by:
 - i. instances for which fines were incurred;
 - ii. instances for which non-monetary sanctions were incurred;
- b. report the total number and the monetary value of fines for instances of noncompliance with laws and regulations that were paid during the reporting period, and a breakdown of this total by:
 - i. fines for instances of non-compliance with laws and regulations that occurred in the current reporting period;
 - ii. fines for instances of non-compliance with laws and regulations that occurred in previous reporting periods;
- c. describe the significant instances of non-compliance;
- d. describe how it has determined significant instances of non-compliance.

- Consolidated Management Report BBVA 2022. GRI 2: General Disclosures. Strategy, policies and practices. Compliance with laws and regulations.
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BBVA