

Corporate principles in BBVA's tax and fiscal strategy

Corporate culture and tax

BBVA is a global financial services group whose core commitment is to provide the best solutions for our customers, a sustained profitable growth for our shareholders and contribute to the progress of societies in which we operate. This is underpinned by a vision that drives our ambitions as a company and is defined in an idea:

In BBVA we work towards a better future for people.

This vision has important implications for BBVA's business model, corporate culture and the behaviour of its employees. It also impacts the way we relate to the communities in which we are working. Thus, our vision also informs the policies, principles, values and strategy guiding the way that BBVA behaves as a tax payer.

Corporate principles and tax strategy

The policies and values shaping BBVA's tax strategy are supported by and aligned with the corporate principles on which BBVA has been built. These are:

- i. **Integrity**, as a manifestation of ethics in everything the Group does and in all its relationships with stakeholders. In tax matters, this means respecting the rules, and cooperating with the different tax authorities within a relationship founded on good faith.
- ii. **Prudence**, understood basically as a principle of due caution in taking on risk. BBVA always looks into tax implications as part of its decision-making process.
- iii. **Transparency**, as a maxim that governs all activity. We must always give clear, true information, within the limits of legality. With respect to tax matters, this entails being transparent in the information we provide our customers and the information we give to the other stakeholders regarding BBVA's own activities.

With the approval of this document, the BBVA Board of Directors is defining the content and scope of the BBVA tax strategy, establishing how the Group's tax behaviour must also be focused on achieving profitability in line with its principles, or what we call **principles adjusted returns**.

BBVA's Tax Strategy

This document represents specific recognition of BBVA's tax strategy by its Board of Directors, and the incorporation of the procedures and principles that must shape its tax policy into its corporate governance system.

In line with the above, BBVA's tax strategy will rest upon the corporate principles of integrity, prudence and transparency. These must be the touchstones of everything BBVA does with regard to taxes. BBVA is thus committed to compliance with the following basic standards:

1. BBVA's tax decisions are linked to the payment of taxes in all jurisdictions where it engages in economic and business activities.
2. BBVA employs structures with sufficient economic substance, aligning its tax payment with effective business practices and the generation of value. Transactions in places considered tax havens respond effective business practices and generation of value. The objective of such transactions is not to shift profits to such jurisdictions in order to reduce BBVA's tax burden or obfuscate its transparency.
3. BBVA makes fair interpretations of tax regulations and the provisions of Double Tax Treaties.
4. BBVA has established a transfer pricing policy for all its transactions with related parties, whether people or corporations. This is presided by the principles of free competition, value creation and the assumption of risks and benefits.
5. The digital economy has transformed the economic relations and will continue to do so, altering the very fabric of productivity, growth and value creation. This has impacted the way domestic and international tax systems work. BBVA is taking active measures to adapt to this new environment, and to tackle the challenges of the digital economy in tax matters, incorporating its virtual presence in all jurisdictions into its evaluations of value generation.
6. BBVA endeavours to establish reciprocally cooperative relations with all the tax authorities with which it works as a consequence of its business

activities. These relations are based on the principles of transparency, mutual trust, good faith and fairness.

7. For BBVA the payment of taxes, pursuant to applicable regulations, is an important part of its contribution to the economies of all the jurisdictions in which it operates.
8. BBVA endeavours to achieve clear, transparent and responsible communication of its main tax items, providing stakeholders information on the payment of all taxes applicable to it in each of the jurisdictions where it operates.
9. When designing and developing financial products, BBVA takes into account their tax implications for its customers and gives them relevant information, in a clear, transparent and responsible manner, to help them meet their tax obligations.
10. The ongoing implementation of the aforementioned principles described governing the Group's tax-related activities will be the responsibility of the BBVA Tax Department. This department will establish the internal standards and control mechanisms required to meet prevailing tax regulations and pursue said principles.

This responsibility will cover all the countries and jurisdictions in which BBVA is present and will touch upon all the businesses and areas in which it is engaged. This will allow the Group to achieve coherent management of its tax positions as an integral part of managing its overall exposure to risks.

For this purpose, the Tax Department will be supported by qualified human resources and the material and functional resources it may need to achieve the objectives pursued by this document. Thus, the different areas and businesses must act in line with the aforementioned internal standards and, in particular, with the Standard Framework of Tax Control, compliance with which will periodically be reported to BBVA's governing bodies.