

BBVA

BBVA'S UK Tax Strategy

Tax Strategy Statement 2025

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1. Introduction

This document has been published in compliance with the provisions of the Schedule 19 - Finance Act 2016, and reflects BBVA's tax strategy in United Kingdom.

The following sections provide a vision of BBVA and its activities in United Kingdom, the global tax strategy of BBVA, as well as the commitments arising from this strategy with tax authorities, shareholders and other stakeholders. In these sections you will find:

- the approach of BBVA to risk management and governance arrangements in relation to UK taxation.
- the attitude of BBVA towards tax planning affecting UK taxation.
- the level of risk in relation to UK taxation that BBVA is prepared to accept.
- the approach of BBVA towards its dealings with HMRC.

2. BBVA in UK

Founded in 1857, BBVA is today a global financial group with a diversified business providing financial services in more than 31 countries to 72 million customers. It is a leading bank in the Spanish market and it is the biggest financial institution in Mexico. BBVA also has leading franchises in South America. It also has a significant presence in Turkey (through strategic investments in Garanti Bank) and operates an extensive network of branches worldwide. This balance between emerging and developed markets allows for revenue diversification and higher recurrent earnings. It is one of the top banks in the Eurozone in terms of ROE and efficiency.

In UK, BBVA has a branch of Banco Bilbao Vizcaya Argentaria, S.A. the parent company of the entire group incorporated in Spain with limited liability. We are registered in the Commercial Registry of Vizcaya, Volume 2,083, Folio 1, Page BI-17-A, 1st entry. Tax Identification Number: A-48265169. We are subject to supervision by the Bank of Spain and enrolled in the Administrative Register of the Bank of Spain with number 0182.

We are also registered in England with Company No. FC014702 and Branch No. BR001254. Our registered office is: One Canada Square, 44th Floor, Canary Wharf, London E14 5AA. We are on the Financial Services Register of the Financial Conduct Authority (number 139228) and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority.

The primary business of BBVA in UK is aligned to the BBVA's Corporate Investment Banking business unit. To this respect, among others, the services offered by BBVA in UK are related to Global Markets (GM) like Foreign exchange, Rates, Credit, Equity Derivatives, Research, and Structured Solutions, Global Transactional Banking (GTB), Global Client Coverage (GCC), and Global Finance Services (GF). There is an additional corporate banking business (CB) and a residual portfolio of retail clients (personal loans and mortgages)

BBVA's purpose is "**Support your drive to go further**".

Support means being consistently present, especially during life's most critical moments. It involves providing ongoing assistance to customers, actively listening to them, understanding their needs, and adapting accordingly. At the heart of this is empathy: it allows BBVA to connect deeply with its customers, aligning with their concerns, aspirations, and dreams, and becoming a trusted ally that genuinely understands what its customers need.

Your drive. BBVA understands that behind every project, every goal, and every step forward lies something deeper: a drive. It's that inner strength that inspires people to excel, pursue their ambitions, and believe in a brighter future. It's the determination to keep moving forward, the motivation fueling them every day.

To go further embodies the spirit of progress and innovation. It reflects an attitude that is deeply ingrained in BBVA's DNA, always striving to anticipate, to envision today what the future holds, and to approach tomorrow with optimism. This ability to foresee and adapt creates immense value for the individuals and businesses that choose BBVA as their trusted partner to achieve their dreams.

This document has been approved by the Management Committee of our UK Branch and is reviewed and updated annually.

3. BBVA Tax Strategy

The Board of Directors of BBVA updated the previous BBVA's Tax Strategy on November 29th, 2023 and has been available since then on the corporate website.

BBVA's tax strategy is supported by and aligned with the following corporate principles

- **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.
- **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.
- **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 to our customers and the information we give to the other stakeholders regarding BBVA's own activities.
- Achievement of a **profitable and sustainable business long-term**. The tax function will provide proactive support to the Group's business areas, taking into account our explicit commitment to paying taxes, respect for human rights, prudence in risk management, and an horizon of generation of recurring and sustainable results over time.
- **Long-term value creation** for its interest groups. The tax function is aware of the impact of its decisions not only for the BBVA Group, but also for society as a whole, which is why it will take into consideration from a tax perspective the interests of its various stakeholders, in particular, the possible environmental impacts, of a social nature or that affect the corporate governance of the entity, maintaining in all cases the commitments assumed by BBVA in terms of full respect for human rights.
- **Compliance with applicable legislation** in every moment. This compliance extends not only to the letter but also to the spirit of the rule, refraining from any type of abuse of rights or unreasonable interpretation of it.

BBVA is thus committed to compliance with the following basic standards:

1. BBVA is committed to paying taxes and complying with the rest of its tax obligations, in accordance with applicable regulations, and is aware of the impact that its tax decisions have on contributing to sustainable development in the countries in which it operates. Therefore, it will take into account the impacts that these tax decisions may derive in environmental, social and corporate governance terms.
2. BBVA will avoid investment structures that are artificial for tax reasons, that do not respond to organizational or business reasons, and/or that do not have an adequate economic substance for the activity carried out.
3. The eventual participation in structures in which entities residing in jurisdictions classified as non-cooperatives or tax havens potentially intervene in accordance with the applicable regulations, will always respond in the BBVA Group to valid economic reasons; will not pursue or have as its purpose the obtaining of tax advantages for the BBVA Group; undermine its transparency; or prevent the tax authorities from knowing who is ultimately responsible for the activities or the ultimate owner of the assets or rights involved.

In any case, special observance will be paid to the anti-abuse rules that are applicable with respect to said jurisdictions, being subject to specific controls.

4. BBVA makes its decisions on tax matters making reasonable interpretations of the applicable tax regulations, and the provisions contained in the Double Taxation Tax Treaties. In particular, it incorporates into its analyzes the interpretative criteria established by the competent tax authorities.
5. BBVA has an internal transfer pricing standard for all its operations between related parties and entities that is governed by the principles of free competition, creation of value and assumption of risks and benefits in the jurisdictions in which it operates.
6. Digitalization has transformed and will continue to transform the economy, in terms of productivity, growth and value creation. This reality impacts the functioning of national and international tax systems. In this sense, BBVA is actively working to adapt to this new environment and thus face the challenges posed by the digitalization of the economy, also in terms of taxation.
7. BBVA promotes a reciprocally cooperative relationship with the different Tax Administrations with which it relates as a consequence of carrying out its activity, based on the principles of transparency,

mutual trust, good faith and loyalty between the parties. In the area of cooperation with the different Tax Administrations, BBVA actively collaborates in the interpretative clarification of the Law as well as in the reduction of tax conflict.

8. BBVA promotes transparent, clear and responsible communication of its main tax magnitudes, by transferring to its different stakeholders information related to its tax contribution in each of the jurisdictions in which it is present.

9. BBVA takes into account, in the preparation and design of any financial product, the tax implications that they have for its clients and provides them, in a transparent, clear and responsible manner, with the relevant information in order to correctly fulfill their tax obligations.¹ BBVA's tax decisions are linked to the payment of taxes in all jurisdictions where it engages in economic and business activities.

This Tax Strategy covers all the countries and jurisdictions in which BBVA is present and touches upon all the businesses and areas in which it is engaged. This implies that the above principles and strategy are fully applicable in the United Kingdom covering all the activity of the branch, all its business and commercial relations.

It should also be noted that BBVA has published its total tax contribution since 2011 in a report in which it discloses its tax strategy and its position with regard to taxes, as well as the payment of taxes in all jurisdictions in which it operates.¹

¹ Our reports could be download from the following link <https://shareholdersandinvestors.bbva.com/sustainability-and-responsible-banking/fiscalidad-responsable/>

4. Our commitment to HMRC

Based on the principles of transparency, mutual trust, good faith and fairness, we maintain an open, collaborative and transparent relationship with the tax authorities in all territories where we are present, and in particular as regards United Kingdom, with HMRC.

We understand this relationship as mutually cooperative and directed to the best fulfillment of our tax obligations. In this sense, BBVA has adopted the “[Code of Practice on Taxation for Banks](#)”, an initiative launched by HMRC.² The Code describes the approach expected of banks with regards governance, tax planning and engagement with HMRC and it aims to encourage banks operating in the UK to adopt best practice in relation to their tax affairs.

We are committed to the HMRC in full compliance with the obligations that derive from the aforementioned code;

- Disclosing fully the significant uncertainties in relation to tax matters.
- Focusing on significant issues.
- Seeking to resolve issues before returns are filed whenever practicable.
- Engaging in a co-operative, supportive and professional manner in all interactions.
- Working collaboratively to achieve early resolution and hence certainty.

Our commitment is also reflected in our active participation in different national and international initiatives aimed at ensuring tax compliance in accordance with the letter and spirit of the law, among others, we have adopted the “Code of Good Tax Practices in Spain”, a government initiative to increase cooperation and transparency between entities and the Spanish Tax Revenue Agency.

The purpose of the Code is to promote a co-operative compliance relationship between the Spanish Tax Revenue Agency and the companies that sign, build over the principles of transparency and mutual trust. For this purposes, each year we voluntary submit to the Spanish Tax authorities a “Transparency Report” annexed to our Spanish Corporate tax return explaining the tax positions adopted.

² Please see “The Code of Practice on Taxation for Banks. Annual Report”

<https://www.gov.uk/government/collections/the-code-of-practice-on-taxation-for-banks#full-publication-update-history>

5. Managing our tax risk

5.1 Level of tax risks tolerance

In accordance with the values of integrity, transparency and prudence indicated above, BBVA has a low level of tolerance to tax risk, managing its tax affairs in a prudential way and applying internal control mechanisms.

5.2. Tax risks governance

BBVA's tax control is integrated with the rest of the BBVA Group's control model, and is configured around three fundamental axes:

- Specific plans for the identification, mitigation and control of tax risk are carried out annually at BBVA.
- The controls for tax risk management are subject to the annual review cycle of the internal control areas in order to evaluate their suitability and effectiveness.
- Internal Audit, acts as a third line of defense, evaluating the activity of the first two lines, following a risk-based approach and with an universal scope.

In this sense, our tax-related risk management model is based on a suitable control environment, a system for identifying risks and a monitoring process including continuous improvement of the effectiveness of the established controls.

This implies, among other aspects, the active participation of the Tax Department in

- The decision-making committees, in particular, those that affect the business carried out in UK.
- Ensuring that we comply with both, letter and spirit of the tax law.
- Ensuring that we comply with our Tax Strategy.
- Ensuring that we consult with HMRC and/or external advisors where necessary.

Additionally, integrated into the Group's general risk management and control model, it is mandatory to have a series of specific tax risk indicators, in order to contribute to the establishment and management of the Group's risk profile in tax matter.

BBVA's tax function carries out the process of evaluating and monitoring these indicators, in order to:

- Identify tax risks.
- Evaluate the impact of the materialization of tax risks.
- Develop redirection measures that allow dynamic management of tax risk.
- Report and generate relevant information on the evolution of tax risks for the Group's Governing Bodies.

As an additional assurance measure, it has set up a tax compliance body to supervise the correct functioning and effectiveness of the tax risk management systems. BBVA also has a system for scaling up tax matters to the bank's management bodies (Board of Directors and Audit Committee) to which it reports periodically.

The control mechanisms, policies and processes implemented by BBVA affect the entire organization, business units, activities and employees. In this sense BBVA has included in his "[Code of Conduct](#)" (mandatory for its employees), specific provisions in tax matters in order to assure that BBVA fulfill its tax obligations adequately and avoid any practices which involve the illicit avoidance of tax or which might adversely impact Public Funds. For its effective implementation, there are communication and reporting channels for said Code of Conduct, and both the disciplinary and sanctioning procedures in case of non-compliance, as well as the training of all staff in this matter, are fully applicable.

5.3. Attitude of the group towards tax planning affecting UK taxation

- BBVA's Tax policies are based on compliance with both the spirit and the letter of the Law.
- Our strategy is based on the action plans of the BEPS project.
- We do not perform or participate in aggressive tax planning operations.
- Consequently, BBVA does not seek in its activities or operations the artificial minimization of its tax burden.