



# Responsible practices

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# Responsible practices

## Compliance system

### Mission and scope of action

The Group's **compliance system** constitutes one of the bases on which BBVA consolidates the institutional commitment to conduct all its activities and businesses in strict compliance with current legislation at all times and in accordance with strict codes of ethical conduct. To achieve this, the cornerstone of the BBVA compliance system, the Code of Conduct, was available on the BBVA corporate website (bbva.com), the model for internal controls and Compliance requirements.

The **Code of Conduct** establishes the behavior guidelines that, according to the principles of the BBVA Group, ensure that conduct adheres to the internal values of the organization. To this end, it establishes the duty of respect for applicable laws and regulations for all its members in an integral and transparent manner, with the prudence and professionalism that correspond to the social impact of the financial activity, and to the trust that shareholders and clients have placed in BBVA.

The BBVA **internal control model**, built in accordance with the guidelines and recommendations of regulators and supervisors and with best international practices, on the existence of three different levels of control, which is commonly known as a three-lines model of defense, is intended to identify, prevent and correct the situations of risk inherent to the performances of their activity in the areas and locations in which it operates.

Compliance is a global unit integrated within the second line of defense and is entrusted, by the Board of Directors, with the function of promoting and supervising, with independence and objectivity, measures to ensure that BBVA acts with integrity, particularly in areas such as the prevention of money laundering, conduct with customers, behavior in the securities market, prevention of corruption (**compliance issues**) and others that may represent a reputational risk for BBVA:

- promoting a culture of compliance within BBVA, as well as the knowledge by its members of the rules and regulations applicable to the above matters, through advisory, dissemination, training and awareness actions;
- defining and promoting the implementation and total ascription of the organization to the risk management frameworks and measures related to compliance issues.

For an adequate performance of its functions, Compliance maintains a configuration and systems of internal organization in accordance with the principles of internal governance established under the European guidelines for this matter and in its configuration and development of the activity is attached to the principles established by the Bank for International Settlements (BIS), as well as the reference regulations applicable to compliance issues.

To reinforce these aspects and specifically, the independence of the control areas, on December 20, 2018, the Board of Directors held a meeting where they agreed to the creation of a new area, Supervisors, Regulation & Compliance, within the framework of a new organizational structure, in which the Compliance unit is integrated, and which will have a direct report to the Board of Directors through its corresponding Committees.

### Organization, internal government and management model

The Compliance function is handled globally at BBVA, and is composed of a corporate unit, with a transversal scope for the entire Group, and local units that, sharing the mission entrusted, carry out the function in the countries where BBVA carries out its activities. For this purpose, it has a global compliance manager, as well as those who are responsible for requirements in the local units.

The function carried out by the Chief Compliance Officers relies on a set of departments specialized in different activities, which, in turn, have their own designated officers. Thus, the function is addressed by individuals responsible for each discipline related to compliance issues, for the definition and articulation of the strategy, and for the management model of the function or for the execution and continuous improvement of the area's internal operational processes, among others functions.

Included among the main functions of the compliance units at BBVA are as follows:

- Review and periodic analysis of the applicable norms and regulations.
- Issue, promotion or updating of compliance-related policies and procedures.
- Advice to the organization in the interpretation of the code of conduct or compliance policies.
- Continuous supervision of activities with compliance risk.
- Management of complaint channels.
- Participation in committees that deal with issues related to compliance matters.
- Participation in independent review processes on the subject.
- Periodic reporting to the management and to governing bodies.
- Representation of the function before regulatory bodies and supervisors in matters of compliance.
- Representation of the function in national and international forums.

In 2018, the structure of the compliance units in the different countries evolved to better align with these foundations.

The scope and complexity of the activities, as well as the international presence of BBVA, give rise to a wide variety of regulatory requirements and expectations of the supervisory bodies that must be addressed in relation to risk management associated with compliance issues. This makes it necessary to have internal mechanisms that establish transversal mechanisms for managing this risk in a homogeneous and integral manner.

For this purpose, Compliance has a **global model** for estimating and managing said risk, which, with an integral and preventive approach, has evolved over time to reinforce the

elements and pillars on which it is based and to anticipate the developments and initiatives that may arise in this area.

This model starts from periodic cycles of identification and assessment of **compliance risk**, upon which its management strategy is based. The aforementioned results in the revision and updating of the multi-year strategy and its corresponding annual action lines, both of which are aimed at strengthening the applicable mitigation and control measures, as well as improvement the model itself.

The basic **pillars** of the model are the following elements:

- A suitable organizational structure with a clear assignment of roles and responsibilities throughout the Organization.
- A set of policies and procedures that clearly define positions and requirements to be applied.
- Mitigation processes and controls applied to enforce these policies and procedures.
- An adequate organizational structure, with a clear assignment of roles and responsibilities throughout the Organization.
- Communication and training systems and policies implemented to raise employee awareness of the applicable requirements.
- Metrics and indicators that allow for the supervision of the global model implementation.
- Independent periodic review of effective model implementation.

Throughout 2018, work continued on strengthening the documentation and management of this model. Thus, the Compliance Unit continued with the review and update of the global typologies of compliance risks, both at a general level as well as in different geographical areas.

The effectiveness of the model and compliance risk management is subject to extensive and different annual verification processes, including the testing activity carried out by the compliance units, BBVA's internal audit activities, the reviews carried out by prestigious auditing firms and the regular or specific inspection processes carried out by the supervisory bodies in each of the geographical areas.

Additionally, during the year, the Compliance function reinforced the compliance testing framework, evolving the global methodology to adapt it to the applicable regulations and to the best industry practices regarding in compliance.

On the other hand, in recent years, one of the most relevant axes of application of the compliance model focuses on the digital transformation of BBVA. For this reason, in 2018, the Compliance Unit continued reinforcing the governance, supervision and advisory mechanisms for the activities of the areas that promote and develop business initiatives and digital projects in the Group.

## Anti-money laundering and financing of terrorism

Anti-money laundering and the financing of terrorism (AML) is a constant factor in the objectives that the BBVA Group associates with its commitment to improving the various social environments in which it carries out its activities, and a requirement that is indispensable in preserving corporate integrity and one of its main assets: the trust of the people and institutions with which it works on a daily basis (customers, employees, shareholders, suppliers, etc.) in the different jurisdictions where it operates.

In addition, the Group is exposed to the **risk of violating** the AML regulation and the restrictions imposed by national or international organizations to operate with certain jurisdictions and individuals or legal entities, which could entail sanctions and/or significant economic fines imposed by the competent authorities of the various geographical locations in which the Group operates.

As a result of the above, as a global financial group with branches and subsidiaries operating in numerous countries, BBVA applies the compliance model described above for AML risk management in all the entities that make up the Group. This model takes into account all regulations of the jurisdictions in which BBVA is present, the best practices of the international financial industry regarding this matter, and recommendations issued by international bodies, such as the International Financial Action Group (FATF).

This management model is constantly evolving. Thus, the risk analyses that are carried out annually allow us to tighten controls and to establish, where appropriate, additional mitigating measures to enhance it. In 2018, the regulated entities of the Group carried out this AML risk assessment exercise, under the supervision of the corporate AML area.

The BBVA Code of Conduct, in Sections 4.1 and 4.2, establishes the basic guidelines for action in this area. In line with these guidelines, BBVA has established a series of corporate procedures that are applied in each geographical area, including the Corporate Procedure of Action for the Establishment of Business Relations with Politically Exposed Persons (PEPs), the Corporate Procedure of Action for the Prevention of Money Laundering and the Financing of Terrorist Activities in the Provision of Cross-Border

Correspondent Services or the Standard that establishes the Operational Restrictions with Countries, Jurisdictions and Entities designated by National or International Organizations. All applicable standards are available for consultation by employees in each zone.

During 2018, BBVA continued to roll out its **monitoring tool** in Turkey and Mexico, already implemented in Spain. Likewise, the Group continued with its strategy to apply new technologies to its AML processes (machine learning, artificial intelligence, etc.), in order to reinforce both the detection capabilities of suspicious activities of the different entities that make up the Group, as well as the efficiency of the said processes. For this reason it participated in the IIF Working Group Machine Learning Application to AML, among others. One result of the above has been the implementation, in several countries, of improvements in processes and/or systems that have allowed for increases in efficiency in AML equipment.

In 2018, the BBVA Group handled 144,576 investigation files that resulted in 66,636 suspicious transaction communications, which were then sent to the corresponding authorities in each country.

In terms of **training** related to AML, each of the BBVA Group entities offers an annual training plan for employees. In this plan, defined according to the training needs identified in each of the entities, training activities of different nature are established (face-to-face or e-learning courses, videos, brochures, etc.), both for new hires as well as for the employees on staff. Likewise, the content of each training action is adapted to the target group, including general concepts derived from the regulation of applicable AML standards, both internal and external, as well as specific issues that affect the functions developed by the target group for the training. In 2018, 69,572 attendees participated in AML training activities, of which 15,035 belonged to the most sensitive groups, from the perspective of AML.

The AML risk management model is subject to continuous **independent review**. This review is complemented by internal and external audits carried out by local supervisory bodies, both in Spain as well as in other jurisdictions. In accordance with Spanish regulations, an external expert performs a yearly review of the Group's parent. In 2018, no material deficiencies were identified. In turn, the internal control body, which BBVA maintains at the corporate level, meets periodically, and oversees the implementation and effectiveness of the AML risk management model. This supervision scheme is replicated at the local level as well.

It is important to mention BBVA's **collaboration** work with the different government agencies and international organizations in this field: attendance at the meetings of the AML & Financial Crime Committee of the European Banking Federation, member of the AML Working Group of the IIF,

participation in initiatives and forums to increase and improve exchanges of information for AML purposes, as well as contributions to public consultations issued by national and international organizations (European Commission, FATF/GAFI, European Supervisory Authorities).

## Conduct with customers

BBVA's Code of Conduct puts its customers at the center of its activities, with the aim of establishing lasting relations based on mutual confidence and the contribution of value.

As mentioned in the chapter on customer relationship, BBVA's main focus is to satisfy the needs of its customers, simultaneously combining innovative solutions, experience and the highest standards of conduct. Providing the best possible customer experience is one of the Group's Strategic Priorities.

In order to achieve this objective, BBVA has implemented **policies and procedures** aimed at getting to know its customers better, with the purpose of being able to offer them products and services in line with their financial needs, as well as providing them with clear and accurate information, sufficiently in advance, on the risks of the products in which they invest. BBVA has also implemented processes geared towards prevention, or, when this has not been possible, management of the possible conflicts of interest that might arise in the marketing of its products.

In 2018, progress continued on a global customer compliance model, which aims to establish a minimum framework of standards of conduct to be respected in the relationship with customers, applicable in all jurisdictions of the Group aligned with the principles of the Code of Conduct. This model responds to a regulation governing customer protection that is increasingly uniform at global level, and contributes to a better customer experience at BBVA.

With this in mind, the Compliance Unit focused its activity on the promotion of plans to adapt the Community regulations and internal processes to the obligations derived from new regulatory developments. Among them, the following stand out due to their importance to customer protection: the Directive on Markets in Financial Instruments (MiFID II); the Regulation on packaged products and based on insurance for the retail public (PRIIPs); and the Private Insurance Distribution Directive; and (iv) the European Union Directive on real-estate loans.

During the year, BBVA continued with the deployment of the adaptation plan to MiFID II through the implementation of policies and procedures on different areas. Procedures that help to get to know its customers better, with the purpose of being able to offer them products and services in line with their financial needs, as well as providing them with clear and

accurate information on the risks of the products in which they invest, sufficiently in advance. As part of this adaptation plan, regarding the knowledge and skills of the personnel that inform or advise, BBVA continued to develop a training program that concluded with the accreditation of practically all of the employees and agents affected. In the Group, the number of certified sales representatives, following the requirements of local regulations in each country, amounts to 39,157 employees as of 31-12-18.

In addition, BBVA continues to develop processes aimed at prevention or, failing that, the management of possible conflicts of interest that may arise in the marketing of its products. In this regard, in 2018, internal communication channels and the transparency framework were strengthened in relation to the income obtained from the provision of services. Furthermore, something new for the 2018 fiscal year, the corporate policy of product governance was deployed in the different countries where the Group is present. This policy establishes the guiding principles that BBVA must follow when launching its products; and it introduces the variables to take into account when identifying the group of customers to whom to direct their products, according to their different needs and objectives.

Other measures focused on customer protection during 2018 were the following:

- Analysis of the characteristics, risks and costs of the new products, services and activities of BBVA, as well as its distribution channels, through the different Committees for new products implemented in the Group. Over the course of the year, 103 new products, services or activities in the Bank were approved within these committees.
- Close and continuous collaboration with wholesale and retail product and business development units, focusing on digital banking initiatives, with the aim of including the customers' point of view, and investor protection in its projects from the outset.
- The evolution of product classification tools, allowing a better adaptation of the same to the characteristics and needs of the customers.
- Promoting communication and training actions for the sales network and support departments, particularly on how to advise customers and how to sell products in the branch network.
- Enhancement of the compliance risk monitoring metrics and indicators to promote a proactive approach, with a particular focus on customer complaints. In this context, during 2018, BBVA, S.A. has focused on collaboration with the Customer Care Services.



- Evaluation of the internal measures in force, based on internal and external audit reviews and regulatory inspections and requirements.

## Conduct on securities markets

The BBVA Code of Conduct includes the basic principles for action aimed at preserving the integrity of the markets, setting the standards to be followed aimed at preventing market abuse, and guaranteeing transparency and free competition in the professional activity carried out on the market by the BBVA collective.

These basic principles are specifically developed in the Policy on Conduct in the Field of Securities Markets, which applies to all the individuals who form a part of the BBVA Group. Specifically, this policy establishes the minimum standards that are to be respected with the activity carried out in the securities markets in terms of privileged information, market manipulation, and conflicts of interest; furthermore, it is complemented in each jurisdiction with an **internal code of conduct** (ICC) addressed to the subject group with the greatest exposure in the markets. The ICC develops the contents established in the policy, adjusting them, where appropriate, to local legal requirements.

The BBVA's policy and ICC were updated in 2017, and in 2018 in the rest of the geographical areas in which the Group operates. The degree of adhesion to the new ICC approached 100% of the individuals in question.

Furthermore, during 2018, training on Market Abuse has been reinforced for the groups affected by the ICC in order to keep them updated as to their obligations and all related new developments. Particularly noteworthy is the global and mandatory training course of the Internal Code of Conduct aimed at all persons subject to this Regulation, a collective that amounts to 6,849 people.

In relation to the **market abuse prevention** program, the process of improving the detection tools of suspicious market abuse operations continued. Thus, the training of employees in this area continues to be a priority, to the extent that, in 2018, specific internal and external training actions were carried out, highlighting courses on privileged information and market manipulation in Spain and Latin America.

In addition, in 2018, training actions have been carried out for teams dedicated to the sale of financial instruments, in light of the adhesion of BBVA in Spain and in Mexico to the Foreign Exchange (FX) global code of conduct; the swap dealer activity control program was reinforced in accordance with the American Dodd Frank regulation, both in its governance as well as in several of its elements, including the training of sales personnel (Associated Persons) who sell derivatives to

customers considered as US. Persons; and the annual Volcker Rule training was given to a group of 2,417 employees in the Group, with essentially entirety being affected.

## Other standards of conduct

One of the main mechanisms for managing conduct risk in the Group is its **whistleblowing channels**. As set out in the Code of Conduct, BBVA employees have the obligation not to tolerate any conduct that is contrary to the Code, or any conduct in the performance of their professional duties that may bring harm the reputation or good name of BBVA. This whistleblowing channel serves as a means for enabling employees to report any breaches they observe or are notified by their collaborators, customers, suppliers or colleagues. The channel is available 24/7, all year round, and is also open to the Group's suppliers. All reports are processed diligently and promptly. They are reviewed, and measures are taken to resolve any issues. The information is analyzed in an objective, impartial and confidential manner.

BBVA has 16 complaints channels accessible to employees in all its main countries, which can be accessed through email and telephone. In 2018, 1,649 complaints were received in the Group, whose main complaint aspects refer to the categories of behavior with our colleagues (44%), and behavior with the company (36.5%). Approximately 44% of the complaints processed during the year ended with the imposition of disciplinary penalties.

The work carried out in **2018** included ongoing advice on applying the Code of Conduct. Specifically, the Group formally received 510 different kinds of individual, written and telephone queries, such as the resolution of possible conflicts of interest, the management of personal assets, or the development of other professional activities. Over the year, BBVA continued with the work of communication and dissemination of the new Code of Conduct, as well as the training on its contents, whose online course has been carried out by a total of 115,085 employees.

In addition, since the introduction in Spain of the new criminal liability regime of the legal entity, BBVA has developed a model of **criminal risk** management, framed within its general internal control model, with the aim of specifying measures directly aimed at preventing criminal acts through a government structure suited to this purpose. This model, which is periodically subjected to independent review processes, is intended to be a dynamic process in continuous evolution, so that the experience in its application, the changes in the activity and the structure of the Entity and, in particular in its control model, as well as the legal, economic, social and technological developments that occur will facilitate their adaptation and improvement.

Among the possible crimes included in the crime prevention model are those related to **corruption and bribery**, as there are a number of risks that could arise in this respect in an entity of the nature of BBVA. Among such risks are those related to activities such as the offering, delivery and acceptance of gifts or personal benefits, promotional events, facilitation payments, donations and sponsorships, expenses, hiring of personnel, relationships with suppliers, agents, intermediaries and business partners, the processes of mergers, acquisitions and joint ventures or the accounting and recording of operations.

In order to regulate the identification and management of risks, BBVA has a body of internal regulations made up of principles, policies and other internal arrangements, including:

#### Principles:

- Principles applicable to the disinvestment processes for BBVA Group goods or services in favor of Group employees.
- Principles to be applied to those involved in BBVA's procurement process.

#### Policies:

- Anti-corruption policy.
- Policy for the prevention and management of conflicts of interest within BBVA.
- Responsible procurement policy.
- Event policy and policy for the acceptance of gifts related to major sporting events.
- Corporate travel policy.

#### Other internal developments:

- Management model for corporate and travel expenses for personnel.
- Management model for expenses and investment.
- Code of ethics for the recruitment of personnel.
- Code of ethics for suppliers.
- Rules relating to the acquisition of goods and services.
- Rules relating to gifts for employees from persons/entities outside the bank.
- Rules for delivery of gifts and organization of promotional events.
- Rules for authorizing the hiring of consultancy services.
- Rules on dealing with individuals of public importance in matters of finance and guarantees.
- Rules for delegating credit risk.
- Requirements for establishing and maintaining business relations with politically exposed persons (PEP).
- Manual for management of donations in the Responsible Business Department.

- Procedural manual (treatment and registration of communications in the whistleblower channel).
- Corporate rules for managing the outsourcing life cycle.
- Disciplinary regime (internal procedural rules).

The BBVA Group's anti-corruption policy develops the principles and guidelines contained, primarily, in section 4.3 of the Code of Conduct and conforms to the spirit of national and international standards on the subject, taking into consideration the recommendations of international organizations for the prevention of corruption and those established by the International Organization for Standardization (ISO).

The BBVA anti-corruption framework is not only composed of the aforementioned regulatory body, but also, in compliance with the crime prevention model, has a program that includes the following elements: i) a risk map, ii) a set of mitigation measures aimed at reducing these risks, iii) action procedures in the face of the emergence of risk situations, iv) training and communication programs and plans, v) indicators aimed at understanding the situation of risks and their mitigation and control framework, vi) a whistleblower channel, vii) a disciplinary regime, and viii) a specific government model.

In this context, it should be noted that the Entity takes into account the corruption risk present in the main jurisdictions in which it operates, based on the valuations published by the most relevant international organizations in this area. Additionally, BBVA has provided other specific instruments for the management of basic commitments in each functional area. The most salient of these are:

- Basic risk management principles and the risk management policy manual.
- Rules on dealing with individuals and entities of public importance in matters of finances and guarantees.

Other basic commitments taken Within the general training program in this area, there is an online course that describes matters such as the basic principles related to the Group's prevention framework on anti-corruption that reminds employees of BBVA's zero tolerance policy with respect to any form of corruption or bribery in its business activities. Finally, BBVA obtained AENOR certification, which certifies that its criminal compliance management system is in compliance with UNE 19601:2017 Standard in 2017; this certification was revised in 2018 with satisfactory results.

Other basic commitments acquired by the Group are:

- [Rules of conduct in defense.](#)
- [Environmental Commitment.](#)
- [Responsible procurement policy.](#)
- [Commitment to human rights.](#)

## Internal control model

Based on best operational risk management practices, BBVA Group has established and maintained an internal control model organized around three **lines of defense** (3LoD), as well as a governance scheme called Corporate Assurance.

The Group's internal control model has two **components**. The first component is the model based on three lines of defense, which ensures compliance with the most advanced internal control standards and is organized as follows:

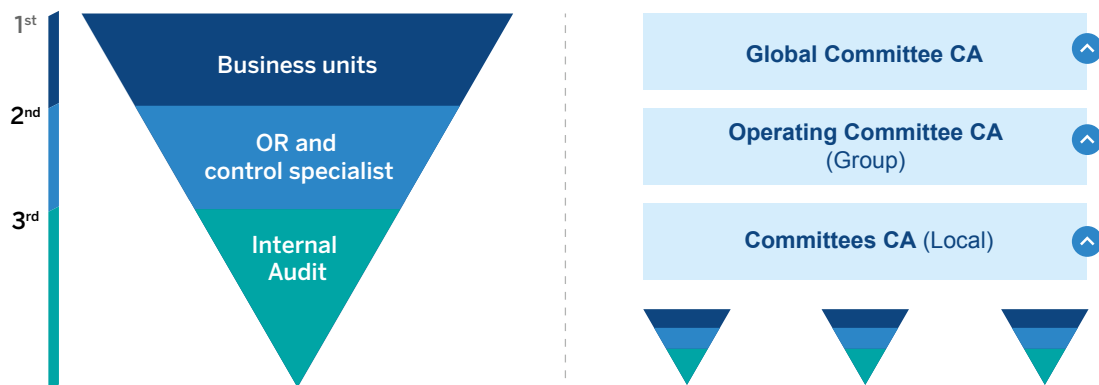
- The Group's areas and/or business units constitute the first line of defense. They are responsible for managing current and emerging risks, implementing control procedures and reporting to their unit/business or support area.
- The second line of defense consists of the areas/units specializing in control, the main ones being the following: Compliance, Finance (specifically, Internal Financial Control), Global Risk Management (including, Internal Risk Control) and Engineering (specifically, Internal Operations Control and Internal Technology Control). This line helps

identify current and emerging risks, defines the control policies within the scope of its cross-sector aspect, ensures that they are implemented correctly, and provides training and advice to the unit representing the first line. In addition, one of its main functions is to monitor and question the control activity carried out by the first line of defense.

The control activity of the first and second lines of defense will be coordinated by the Global Internal Control Unit within the Global Risk Management area, which will also be responsible for providing these areas/units with a common internal control methodology.

- The third line of defense is made up of the Internal Audit area, for which the Group assumes the guidelines of the Basel Committee on Banking Supervision and of the Institute of Internal Auditors. Its function is designed to provide independent and objective assurance and consulting activity intended to add value and improve the Organization's operations. The duties and lines of work of this area are described below..

Internal control model



The second component is the **Corporate Assurance** (CA) scheme, which has the role of providing a comprehensive and standardized approach to the Board of Directors and the management bodies on the Group's internal control situation. This provides timely information on the main control weaknesses that may arise in the different assurance processes and makes it possible to prioritize their solution and monitor the implementation of measures for mitigating them more effectively.

To ensure correct operation, the model includes an orderly mechanism for **reporting** to management. The mechanism is made up of a number of committees that meet every four months, in which members of the senior management of the Group and its subsidiaries take part. The committees seek to discover and make decisions on control issues that may have a significant impact on the objectives of the different areas/units, both at the local level and for the consolidated Group.



## Internal Audit

The Internal Audit area depends directly on the Board of Directors. It is completely independent from the functions being audited and is not part of any other activity that may be subject to an audit.

Its **function** is universal in scope and includes all activities and entities in BBVA Group, with no exceptions and irrespective of geographic location or reporting situation. Its scope also extends to the activities and services the Group has outsourced.

This area has unrestricted access to employees, workplaces, systems, IT and physical records and, in general, any information required to perform its functions effectively. It must maintain such information confidential and comply with data protection laws.

A three-year plan was drawn up in 2018 (following on from the one in 2017 and in 2016) in response to the expectations of the main stakeholders. This plan has been based on three core aspects:

- analysis of the inherent risk and level of control of the processes and lines of business;
- coverage of supervisory expectations and compliance with regulatory requirements;
- the Group's Strategic Priorities and emerging risks.

The plan's structure is based on 11 **types of risk**, from which the following main points for action have been derived:

- To cover the main sources of risk in the business model, work has been carried out on defining the indicators linked to the Strategic Priorities, basically non-financial KPIs, as well as monitoring the digital transformation and development strategy of the business in Spain.
- The assessment of internal governance risk includes analysis of the risk appetite framework of the main geographic areas.
- To cover operational risk, the focus has been placed on data governance and information quality, in the operational risk associated with the Group's relevant business processes and analysis of new digital businesses and strategic projects.

- To cover legal risk in the Group the legal risk control framework has been reviewed in a number of geographic areas, as has the management framework for complaints and claims in Spain and Turkey. The main accounting items have also been reviewed (foreclosed assets, deferred tax assets and consolidation adjustments).
- Reviews have been carried out on compliance risk in all functional and geographic areas and the policies for preventing money laundering and terrorist financing have been audited. In addition, work has been done on practices related to sales and commercial incentives in the main areas, as well as market regulation and personal data protection.
- In the area of IT risk, as is the case with previous years, there has been significant work on cybersecurity, as well as the control environment on the cloud platform. The outsourcing lifecycle has been reviewed to cover risks associated with the outsourcing processes in the Group, with the focus on cloud computing and technology suppliers.
- With respect to credit risk there has been a significant review of guarantees and refinancing, as well as the admission and quality of the portfolios for consumer finance, mortgages and developer loans in a number of geographic areas. Also of note is the assessment of the implementation of the International Financial Reporting Standard 9 (IFRS 9).
- With respect to financial risks in market activities, annual revisions of the internal models used by the Group have been carried out to determine the capital charges for market risk.
- Asset and liability risks are covered with respect to liquidity by a review of the interest-rate risk governance and management and control framework, as well as through a triennial review of the internal liquidity adequacy assessment process (ILAAP).
- The framework of the three-year audit plan covers all the internal capital adequacy assessment process (ICAAP), as well as compliance in this matter with local capital adequacy requirements to which the Group is subject in each of the geographic areas in which it operates. In 2018 the economic capital models were also reviewed in the Group as a whole and in Turkey, Colombia and Mexico.

# Commitment to human rights

BBVA adheres to a [Commitment to Human Rights](#) that seeks to guarantee respect for the dignity of all people and the rights that are inherent to them. This is the perspective under which the bank has decided to identify the social and labor risks that derive from its activity in the different areas and countries in which it carries out its business. Once these risks have been identified, the Group manages its possible impacts through processes specifically designed for this purpose (for example, the due diligence processes in Project finance under the Equator Principles or through existing processes that integrate the Human Rights perspective such as the supplier approval process or the diversity policy). On the other hand, the methodology for the identification, evaluation and management of BBVA's reputational risk is an essential complement to this management, since the assessment of reputational risks highlights the fact that human rights issues have the potential to affect the bank's reputation.

In order to reinforce this detection and evaluation of risks from a human rights perspective, in 2017, an external consultant carried out a **due diligence process** in all the countries and businesses in which the Group is present, mainly in order to comply with the [United Nations Guiding Principles on Business and Human Rights](#) and with the responsibility of **preventing, mitigating, and remedying the potential impacts on human rights** in all of its operating environments and in all its businesses. The procedure used to identify and evaluate these risks or impacts was based on the aforementioned Principles. In this manner, guidelines were followed that indicate that companies must activate due diligence processes through three fundamental steps:

- Identify the potential impacts of their operations on human rights;
- Design mechanisms within the company to prevent and mitigate these; and,
- Provide channels and processes that ensure that, in case of violation, there are adequate mechanisms in place to ensure that victims are compensated.

As a result of the process, the potential impacts of the operations on human rights were identified and mechanisms were designed within the Entity to prevent and mitigate them, making the adequate channels and procedures available to the affected party in order to ensure that, in case of any violation, the appropriate mechanisms remain in place to ensure all necessary repairs. In this process, certain key issues were identified that could potentially serve as levers for the improvement of the management system within the organization.

These issues are grouped into four areas that serve as the basis and foundation of the Group's [Action Plan on Human Rights](#) 2018-2020, which is public and is updated every year.

## 1. Policy and structure

The updating of the Human Rights Commitment, which was renewed in 2018, was recommended in the due diligence process. For this update, the Guiding Principles of Business and Human Rights guidelines, backed on June 16, 2011 by the United Nations Human Rights Council and, on the other hand, the results of the global process itself, were taken as reference markers for due diligence.

This commitment is articulated around the stakeholders with which BBVA is related: employees, customers, suppliers and society; and it includes the three pillars on which the aforementioned Guiding Principles are based, which are:

- state duty to protect,
- corporate responsibility to respect human rights,
- and the joint duty to implement mechanisms that ensure the remedy of possible human rights abuses.

All the individuals employed in the Group are responsible for making this commitment a reality on a day-to-day basis. Each area and employee has the duty to be familiar with all matters that pertain to them that may imply a violation of human rights, and implement the measures of due diligence to avoid it. However, BBVA has a structured governance model following the internal control model, composed of three lines of defense:

- The first line of defense consists of the Group's units directly responsible for the management of these risks.
- The second line of defense lies with the Responsible Business Department, which is also responsible for designing, implementing and improving commitment as well as acting as a second line of defense.
- The third line of defense is the Internal Audit Area.

Likewise, the CEO, with the support of senior management, decides on its definition and updating within the framework of the CSR Policy approved by the Board of Directors.

## 2. Training and cultural transformation

With regard to the due diligence process, it was advisable to integrate the human rights perspective into:

- Internal and external communication plan.
- Plan on diversity and conciliation.
- General and specialized training plan for employees.

Respect for the equality of people and their diversity is reflected in the corporate culture and management style, is a guiding principle of **employee** policies, especially those of selection, development and compensation, which guarantee non-discrimination based on gender, race, religion or age, and, as such, is included in the BBVA [Code of Conduct](#).

Thus, this Code, among other matters, includes the treatment of discrimination, harassment or intimidation in labor relations, objectivity in the selection, hiring and promotion that avoids discrimination or conflicts of interest, among other issues, as well as safety and health in the workplace, employees must communicate any situation they understand that poses a risk to safety or health at work.

Within the framework of the **diversity and inclusion plan** for employees and with a focus on gender diversity, three lines of action have been strengthened during 2018: i) promoting transparency using new metrics, ii) promoting these issues in the corporate culture, iii) mitigate the glass ceiling, for example with the extension of the Rooney Rule to all Group vacancies.

In addition, BBVA's Commitment to Human Rights assumes the commitment to the application, for example, of the content of the fundamental conventions of the International Labor Organization (**ILO**) such as those related to the elimination of all forms of forced labor; the effective abolition of child labor (minimum age and worst forms of child labor); and the elimination of discrimination in employment and occupation, among other commitments.

## 3. Process improvement

After the analysis, the importance of strengthening the process of approval and evaluation of suppliers, and the operation and scope of the repair mechanisms was concluded.

From the point of view of suppliers, BBVA has a responsible purchasing policy and an ethical code of suppliers (more information on this can be found in the **suppliers** chapter) and, during 2018, reinforced compliance with the Commitment to Human Rights with the integration of the prism of human rights in the evaluation of suppliers in the approval process.

BBVA works to establish **remedy mechanisms** in the role of corporate lender, employer or as a company that hires services to others. As such, it is open to managing any issue raised by any of its stakeholders regarding its credit activity and in relation to performance in the field of human rights through two channels: the official listening channels of the Bank, aimed at clients, and external channels. An example of an external channel is the OECD's national contact points, whose objective is to admit and resolve claims related to losses of the [OECD Guidelines for Multinational Enterprises](#).

In relation to employees, suppliers and society in general, the BBVA Code of Conduct includes an express mention of the commitment to human rights and provides a **whistleblower channel** to report possible breaches of the code itself.

## 4. Business and strategy alignment

The analysis recommended the inclusion of human rights criteria in strategic projects of the Group, such as the due diligence process in the acquisition of companies (M&A and M&A Digital) or the social and environmental framework.

A social and environmental framework was developed from the perspective of **customers**, launched in 2018, in which specific rules were developed for the financing of sensitive sectors (mining, energy, agro-industry and infrastructure). The Responsible Business Department function became part of the new products and business committees in Spain, Mexico, the United States, Colombia, Peru, Turkey and Venezuela.

In addition, as signatories to Equator Principles, BBVA complies with the requirement to conduct a due diligence analysis of potential human rights impacts in project finance operations. In case of detecting potential risks, the operation must include an effective form of management of these risks, as well as operational mechanisms to support claims management.

Also within the framework of the **Equator Principles**, BBVA actively promotes the inclusion of free prior informed consent (FPIC), not only in emerging countries, but also in projects in countries where a robust legislative system is presupposed as well, which guarantees the protection of the environment and the social rights of its inhabitants.

BBVA is also a signatory of the United Nations Global Compact Principles, maintaining a constant dialog and exchange of experiences with other signatory entities (companies, SMEs, third sector entities, educational institutions and professional associations). Along the same lines, BBVA promotes a dialog with NGOs concerning its fiscal responsibility, and participates in various meetings with investors and stakeholders in which it follows up on issues related to human rights.

BBVA participates in different work groups related to human rights and is in constant dialog with its stakeholders. At a sectoral level, BBVA makes up part of the Thun Group, a group of global banks that works to understand how to better apply the United Nations Guiding Principles on Business and Human Rights in the practices and policies of financial institutions, and across various banking businesses.

An important milestone in 2018 was the launching of the **Responsible Banking Principles** to which BBVA has adhered as one of the sponsors and founding banks for the initiative. Under the auspices of the United Nations, these Principles are put forth with the aim of providing a sustainable financing framework and supporting the sector in a manner that shows its contribution to society. In this sense, the implementation guidelines expressly mention the importance of integrating the Guiding Principles of Business and Human Rights, in the implementation of the six principles, which are: 1. Alignment, 2. Impact, 3. Clients and Customers, 4. Stakeholders, 5. Governance and target setting, and 6. Transparency and Accountability.

Finally, in addition to these initiatives, and taking the relevance of the mortgage market in Spain into account, BBVA generated a social housing policy.

### Social Housing Policy in Spain

Since the beginning of the crisis, BBVA seeks to explore all of the refinancing possibilities available based on the customer's ability to pay, with the main objective of maintaining their home. This is what BBVA has done with 76,538 customers

in 2018. Any situation may be brought to the attention of the Protection Committee of the Mortgage Provider, which analyzes all cases that might occur with regard to customers or their families, any circumstances involving risk of exclusion that is not covered under the Law, offering individual solutions that depend on the particular circumstances of each family (refinancing, debt cancellation, payment in kind, rent in social housing available directly from the Bank, etc.). In this sense, BBVA has made more than 29,000 dations in payments to its customers.

In February 2012, BBVA decided voluntarily to adhere to the Code of Good Practices which had the objective of granting benefits to certain families who had contracted a mortgage loan and who were at risk of exclusion. In light of the approval of Royal Decree-Law (RDL) 27/2012, of Law 1/2013 and, finally, of RDL 1/2015 and Law 9/2015, BBVA determined, in a proactive manner, to inform all of its customers currently involved in a foreclosure process of the existence of the aforementioned standards, and the extent of their effects, so that they might benefit from the benefits described therein.

In 2018, BBVA transferred its real-estate business to Cerberus Capital Management. The scope of the **Social Housing Policy** in Spain has adapted to this new situation accordingly as a result and is now aimed at offering solutions that are adapted to the holders of mortgage loans who are experiencing difficulties in the payment of said loans. BBVA has signed collaboration agreements with public entities for approximately 2,500 homes.

# Fiscal transparency

## Fiscal strategy

In 2015, the BBVA Board of Directors approved the **Corporate Principles in BBVA's Tax and Fiscal Strategy**.

The strategy forms part of BBVA's corporate governance system and establishes the policies, principles and values that guide the way the Group behaves with respect to taxes. This strategy has a global scope and affects everyone who is part of the Bank. Compliance with the strategy is very important, given the scale and impact that the tax contributions of large multinationals such as BBVA have on the jurisdictions where they operate.

Effective compliance with the tax strategy is duly monitored and supervised by BBVA's governing bodies.

Accordingly, BBVA's **fiscal strategy** consists of the following basic points:

- BBVA's decisions concerning fiscal-related matters are determined by the payment of taxes, given that they contribute heavily to the economies of all the jurisdictions in which it operates. Tax payments are aligned with effective business practices and the generation of value in the different countries in which BBVA operates.
- Active adaptation to the new digital environment, also in terms of taxation, through the incorporation of virtual presence into the generation of value, and its consequent valuation.
- The establishment of reciprocal cooperative relations with tax authorities that are based on the principles of transparency, mutual trust, good faith and fairness.
- Promotion of a clear, transparent and responsible reporting strategy to stakeholders on its main fiscal-related matters.

## Governance Model and Fiscal Risk Management

BBVA has a model of government in matters tributary and control mechanisms of fiscal risk.

The fiscal strategy has been implemented through fiscal policies provided to all Group employees, and complaints channels have been set up for use in the event of non-compliance with the Code of Conduct and/or the fiscal strategy. Fiscal risk management mechanisms are also in place to ensure that the Group's tax obligations are being fulfilled.

The head of the Tax Department regularly appears before governing bodies charged with duties in this area (the Audit and Compliance Committee and the Board) in order to report on the Group's main tax figures and the fiscal risk management measures it has adopted.

## Cooperation with Tax Authorities

BBVA has a cooperative relationship with the tax authorities in the countries in which it operates. Notably, as an active member of the Spanish Large Corporations Forum, BBVA is subject to the CBPT (Código de Buenas Prácticas Tributarias — Code of Good Tax Practices) adopted by the Forum on July 20, 2010.

In the 2018 financial year, once again BBVA voluntarily submitted the Annual Fiscal Transparency Report for Companies Adhering to the Code of Good Tax Practices and its corporate income tax declaration for the previous year, which included its performance and proposals to strengthen the good practices on fiscal transparency—adopted in a plenary session of the Spanish Large Corporations Forum on December 20, 2016—for companies adhering to the Code.

BBVA also adopted the Code of Practice on Taxation for Banks, an initiative from the United Kingdom describing the approach expected to be taken by financial institutions in terms of governance, tax planning and engagement with the British tax authorities, in order to promote the adoption of best practices in taxation matters. In 2017, BBVA published its fiscal strategy for the United Kingdom on its website.

Lastly, as a financial institution, BBVA is classed as a cooperative institution in terms of tax collection in the countries in which it operates.

## Total tax contribution

BBVA is committed to providing full **transparency** in tax payments, which is why once more this year the Group has voluntarily disclosed all major tax payments in the countries where it has a significant presence, as it has done every year since 2011.

**BBVA Group's total tax contribution** (TTC), which uses a method created by PwC, includes its own and third-party payments of corporate taxes, VAT, local taxes and fees, income tax withholdings, Social Security payments, and payments made during the year arising from tax litigation in relation to the aforementioned taxes. In other words, it



includes both the taxes related to the BBVA Group companies (taxes which represent a cost to them and affect their results) and taxes collected on behalf of third parties. The TTC Report gives all the stakeholders an opportunity to understand BBVA's tax payments and represents a forward-looking approach and commitment to corporate social responsibility, by which it assumes a leading position in fiscal transparency.

Global Tax contribution (BBVA Group. Millions of euros)		
	2018	2017
Own taxes	4,502	4,106
Third-party taxes	5,250	5,775
<b>Total tax contribution</b>	<b>9,752</b>	<b>9,881</b>

## Offshore financial centers

BBVA maintains a **policy** on activities in entities permanently registered in offshore financial centers, which includes a plan for reducing the number of offshore financial centers.

In this respect, in **2018** the Group closed the branch in the Cayman Islands so, as of December 31, 2018, BBVA's permanent establishments registered in offshore financial centers considered tax havens both from the perspective of the OCDE as of the Spanish regulations, are the issuers of securities: BBVA Global Finance, Ltd., Continental DPR Finance Company, Garanti Diversified Payment Rights Finance Company and RPV Company.

Branch at offshore entities (BBVA Group. Millions of euros)		
Main figures of the balance sheets	31-12-18	31-12-17
Loans and advances to customers, net		1,499
Deposits from customers		1,144

## Issuers of securities

The BBVA Group has four issuers registered in Grand Cayman, two of them from the Garanti Group.

Issuances outstanding at offshore entities  
(BBVA Group. Millions of euros)

Issuing entities	31-12-18	31-12-17
<b>Subordinated debts <sup>(1)</sup></b>		
BBVA Global Finance LTD	175	162
<b>Other debt securities</b>		
Continental DPR Finance Company <sup>(2)</sup>	48	59
Garanti Diversified Payment Rights Finance Company	1,793	1,879
RPV Company	1,329	1,262
<b>TOTAL</b>	<b>3,345</b>	<b>3,362</b>

<sup>(1)</sup> Securities issued before the enactment of Act 19/2003 dated 4 July 2003.

<sup>(2)</sup> Securitization bond issuances in flows generated from export bills.

## Supervision and control of the permanent establishments of the BBVA Group in offshore financial centers

The BBVA Group applies risk management **criteria and policies** to all its permanent establishments in offshore financial centers that are identical to those for the rest of the companies making up the Group.

During the reviews carried out annually on each and every one of the BBVA Group's permanent establishments in offshore financial centers, BBVA's **Internal Audit** Department checks the following: i) that their activities match the definition of their corporate purpose, ii) that they comply with corporate policies and procedures in matters relating to knowledge of the customers and prevention of money laundering, iii) that the information submitted to the parent company is true, iv) and that they comply with tax obligations. In addition, every year a specific review of Spanish legislation applicable to the transfer of funds between the Group's banks in Spain and its companies established in offshore centers is performed.

In 2018, BBVA's **Compliance and Internal Audit** Departments have supervised the action plans deriving from the audit reports on each one of these centers.

For 2018, as far as **external audits** are concerned, all of the BBVA Group's permanent establishments registered in offshore financial centers have the same external auditor (KPMG), except Continental DPR Finance Company.

## Other tax information by countries

Tax information by countries (BBVA Group. Millions of euros)

Country	2018				2017			
	CIT payments cash basis	CIT expense consol	PBT consol <sup>(1)</sup>	Subsidies	CIT payments cash basis	CIT expense consol	PBT consol <sup>(1)</sup>	Subsidies
Spain	534	383	1,295	-	454	137	(856)	-
The United States	165	188	977	-	154	274	805	-
Mexico	903	902	3,241	-	795	798	2,946	-
Turkey	422	269	1,225	-	354	426	1,902	-
Colombia	85	117	355	-	101	86	299	-
Argentina	32	116	66	-	51	89	443	-
Peru	146	163	584	-	151	142	528	-
Venezuela	-	20	2	-	3	20	12	-
Chile	365	43	205	-	99	66	317	-
Uruguay	15	6	37	-	25	10	35	-
Paraguay	9	3	35	-	6	4	35	-
Bolivia	2	2	9	-	2	2	7	-
Brasil	-	-	-	-	-	1	4	-
Curaçao	-	-	6	-	-	-	2	-
Romania	1	4	38	-	2	2	35	-
Portugal	6	27	59	-	5	31	42	-
Netherlands	7	5	20	-	2	13	48	-
Switzerland	9	1	4	-	3	2	7	-
Finland	-	-	(12)	-	-	-	(8)	-
Ireland	-	2	10	-	2	-	11	-
United Kingdom	3	2	21	-	1	18	44	-
Hong Kong	-	1	14	-	-	-	16	-
France	14	12	36	-	15	9	36	-
Italy	8	8	29	-	4	15	43	-
Germany	17	1	16	-	25	13	29	-
Belgium	-	-	2	-	-	-	(1)	-
China	-	-	(1)	-	-	-	(2)	-
South Korea	-	-	-	-	-	-	(1)	-
Singapur	1	1	7	-	1	1	5	-
Japan	-	-	-	-	-	-	(4)	-
Taiwan	-	-	(2)	-	-	(1)	(4)	-
Luxembourg	-	-	-	-	2	-	(1)	-
Chipre	3	7	30	-	2	4	17	-
Malta	6	10	136	-	2	6	140	-
Poland	-	-	2	-	-	1	-	-
<b>Total</b>	<b>2,753</b>	<b>2,295</b>	<b>8,446</b>	<b>-</b>	<b>2,261</b>	<b>2,169</b>	<b>6,931</b>	<b>-</b>

Nota: the results of this breakdown of the branches are integrated in the financial statements of the parent companies on which they depend.

<sup>(1)</sup> PBT: Profit before tax.

During 2018, BBVA Group has not received public aid for the financial sector which has the aim of promoting the carrying out of banking activities and which is significant, as

mentioned in the Appendix XIII – Annual banking report of the Consolidated Financial Statements.

## Suppliers

BBVA understands that integrating ethical, social and environmental factors into its supply chain is part of its responsibility. Thus, in 2018, BBVA has reinforced the three basic pillars of the Group's Procurement Model with the end of the transformation of the procurement function. These pillars include:

- service orientation, maximizing the quality and experience of internal customers,
- limitation of reputational risk in contracting suppliers, and
- contribution to efficiency, through the active management of both costs and suppliers.

Essential data about suppliers (BBVA Group <sup>(1)</sup>)

	2018	2017
Number of suppliers <sup>(2)</sup>	4,620	4,563
Volume provided by suppliers (millions of euros) <sup>(2)</sup>	7,478	7,077
Average payment term to suppliers (days)	22	23
Suppliers satisfaction index <sup>(3)</sup>	n.a.	82
Number of approved suppliers	5,819	4,895

n.a. = not applicable.

<sup>(1)</sup> Supplier's data exclude the information about Turkey.

<sup>(2)</sup> Payments to third parties. Suppliers lower than 100,000 euros are not included.

<sup>(3)</sup> Bient survey.

Within the procurement process, it is necessary to correctly manage all effects that a bank such as BBVA may cause, both real and potential. BBVA has a series of **mechanisms and standards** designed to manage these **impacts**: Responsible Procurement Policy, Approval Process, and the Corporate Standard for the Acquisition of Goods and the Contracting of Services. These impacts may be environmental, produced because of poor labor practices of suppliers, arising from the lack of association freedom, against human rights, and positive or negative on society.

During 2018, the implementation of the Supplier Code of Ethics was consolidated in all purchasing units in all the countries where the Group is present, establishing minimum standards of behavior that suppliers are expected to follow in terms of ethical, social and environmental conduct when they provide products and services. Along with the ethical supplier code, BBVA maintains a responsible procurement policy.

### Responsible procurement policy

The responsible procurement policy establishes, among other aspects, that it is necessary to ensure compliance with all applicable legal requirements throughout the

provisioning process regarding **human, labor, association and environmental rights** by all parties involved in this process as well becoming involved in the Group's efforts aimed at preventing corruption. In the same way, it is ensured that the selection of suppliers remains in compliance with existing internal regulations at all times and, in particular, with the values of the Group's Code of Conduct, based on respect for legality, commitment to integrity, competition, objectivity, transparency, creation of value and confidentiality. The following are included among the clauses included in the specifications and in the contractual model:

- Compliance with current legislation in each locality and, in particular, with the obligations imposed on it by its personnel, Social Security or alternative provision systems, hiring of foreign workers, the Public Treasury, public records, etc.
- Compliance with current legislation on the social integration of individuals with disabilities.
- Clauses that ensure that non-discrimination policies are established for reasons of gender, as well as measures to reconcile work and family life.
- Equality clause.
- Compliance with all labor, occupational health, and safety legislation.
- Anti-corruption statement.
- Adherence to the United Nations Global Compact.

The Responsible Procurement Policy also establishes, as one of its principles, the "raising awareness, in terms of social responsibility, among staff and other interested parties involved in the procurement processes of the Group."

### Supplier management

BBVA carries out an **approval process** for recurring suppliers with higher purchase volumes. The financial, legal, labor and reputational situation of the suppliers is assessed during this approval process, in order to determine whether they fulfill their legal responsibilities as well their basic technical capacities, which makes it possible to validate that they share the same values as the Group in terms of social responsibility. In this process, suppliers must comply with the following points:

- Compliance with the social and environmental principles of the UN.

- Adoption of internal measures to guarantee diversity and equal opportunities in the management of human resources.
- Adoption of measures to promote occupational health and safety and the prevention of workplace accidents and incidents.
- Support for the freedom of affiliation and collective bargaining of its workers in all the countries in which it operates.
- Possession of a code of conduct or policy to avoid forced labor, child labor and other violations of human rights, both within the company itself as well as in its subcontractors.
- Possession of a code of conduct or policy designed to avoid corruption and bribery.
- Participation or collaboration in activities related to culture, scientific knowledge, sports, the environment or disadvantaged sectors, either through direct actions or by means of donations, in collaboration with other organizations or institutions.
- Policy for hiring of persons with disabilities.
- Existence of a corporate responsibility policy within the company.

Approval is reviewed periodically and is subject to continuous monitoring. The percentage of approved suppliers is 29%, which account for 85% of the total awarded.

Security companies, especially those critical to these matters, have established compliance with current legislation with regard to specifications and contracts, with special attention provided to labor legislation and the specific laws applicable to these types of companies, as well as compliance with human rights obligations, non-discrimination and equality policies, etc.

With regard to **local** suppliers, these represent 97.7% of BBVA's total providers in 2018 which represents 94.6% of the total turnover, which facilitates contributions to the economic and social development of the countries in which the Group is present (Uruguay is excluded from the scope, since the breakdown by local suppliers is not available). The local supplier, in this context, is one whose tax identification matches the country of the company receiving the goods or service.

On the other hand, the turnover of **special employment centers** (CEE, for its acronym is Spanish) in Spain to the Bank is estimated at more than €3.2 million for the year. The hiring of CEEs favors inclusion and diversity.

BBVA performs supplier audits in which the quality of the service provided by them is evaluated in accordance with the provisions of the contracts and the Bank's needs.

## Number of suppliers and turnover by country

Suppliers <sup>(1)</sup> and annual turnover <sup>(2)</sup>	2018		2017		2016	
	Number of suppliers	Annual turnover (millions of euros)	Number of suppliers	Annual turnover (millions of euros)	Number of suppliers	Annual turnover (millions of euros)
Spain	1,308	2,667	1,377	2,381	1,240	2,457
The United States	809	683	576	443	489	704
Turkey	1,258	3,033	1,182	2,957	1,142	3,381
Mexico	n.av.	n.av.	n.av.	n.av.	n.av.	n.av.
Argentina	382	421	520	569	408	458
Chile	153	93	224	178	242	171
Colombia	213	229	208	190	180	198
Peru	281	246	272	232	285	246
Venezuela	63	34	60	59	81	61
Paraguay	51	18	44	15	49	16
Uruguay	50	26	55	27	54	27
Portugal	52	27	45	25	70	31
<b>Total</b>	<b>4,620</b>	<b>7,478</b>	<b>4,563</b>	<b>7,077</b>	<b>4,240</b>	<b>7,751</b>

Total suppliers <sup>(3)</sup>

Spain	28,065	2,827	29,395	2,553	14,020	2,588
The United States	12,890	755	2,603	476	2,073	731
Turkey	7,703	3,153	6,962	3,067	5,988	3,486
Mexico	n.av.	n.av.	n.av.	n.av.	n.av.	n.av.
Argentina	2,294	455	2,448	608	2,262	491
Chile	980	106	1,357	196	1,462	190
Colombia	2,484	255	2,683	215	2,827	223
Peru	3,754	273	3,231	261	2,972	274
Venezuela	911	38	696	64	869	68
Paraguay	1,069	24	984	22	1,119	23
Uruguay	552	33	523	33	567	33
Portugal	732	33	803	61	844	38
<b>Total</b>	<b>61,434</b>	<b>7,952</b>	<b>51,685</b>	<b>7,555</b>	<b>35,003</b>	<b>8,144</b>

n.av. = not available.

<sup>(1)</sup> Including suppliers and creditors.<sup>(2)</sup> Payments made to third parties (not including suppliers with amounts less than €100,000). Cash flow criterion.<sup>(3)</sup> Including all suppliers, creditors and third parties invoicing to BBVA without a limit to the amount.Average payment period to suppliers <sup>(1)</sup> (Days)

	2018	2017	2016
Spain	46	50	47
The United States	4	4	4
Mexico	15	16	21
Argentina	34	34	34
Chile	29	29	26
Colombia	30	19	13
Perú	11	11	26
Venezuela	25	28	26
Paraguay	30	30	30
Uruguay	3	4	5
<b>Group average <sup>(2)</sup></b>	<b>22</b>	<b>23</b>	<b>23</b>

<sup>(1)</sup> Average payment period calculated as an average resulting from the difference between the payment date and the base date. With no weighing by amount.<sup>(2)</sup> Total average payment period is calculated based in a ponderation between the different geographies as is not possible to be done taking the whole invoice data.

Information from Turkey and Portugal is not available.