2022

TAX REPORT ON TAXES MANAGED BY THE CAIXABANK GROUP

CaixaBank


CaixaBank

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1. INTRODUCTION

1.1. CaixaBank's social commitment

The social commitment at the heart of CaixaBank's business manifests itself in **fiscally responsible management**, which contributes to supporting the public finances, which in turn make possible the infrastructure and public services that are crucial for the company's progress and development.

Corporate tax risk management and tax procedure policy

This document is freely available to the public on CaixaBank's corporate website: **www.caixabank.com**

1.2. CaixaBank's contribution to the public treasury

✓ CaixaBank duly **pays the taxes directly** due for its business activities.

✓ Makes a contribution as a collaborating institution of the tax authorities by **collecting tax from third parties** and paying it into the public treasury.

Taxes paid by CaixaBank	**Collection of taxes due by third parties within their relationship with CaixaBank on behalf of the public treasury**	**Facilitating the collection of taxes by the state and the autonomous and local authorities**
Payment of CaixaBank taxes, excluding Other Contributions (Deposit Guarantee Fund, Single Resolution Fund, Mandatory Financial Contributions, Contributions to the Portuguese Banking Sector). **Direct taxes** • Corporation tax • Business tax and property tax **Indirect taxes** • Non-deductible VAT rates • Transfer Tax and Stamp Duty (ITP-AJD) • Social Security Contributions (employer's contribution)	• Such as personal income tax withholding from salaries and interest and dividend payments • Social security contributions (employee's contribution) • VAT paid to the Spanish Tax Agency	• Through its network of branches and cash machines and by on-line means

2. OBJECTIVE

Traditionally, companies (including the CaixaBank Group) include tax information in their financial statements in accordance with strict reporting models pursuant to the commercial and accounting regulations[1].

In doing so, public tax information focusses mainly on expenditure for corporation tax, when in fact this tax is only one of the many taxes and levies charged on business activity.

The cash flow approach to tax payments is increasingly significant and specifically covered by the Consolidated Management Report.

Tax Report 2022

✓ Shows the amount of the different **corporate taxes and levies through which the institution** and its group make a direct contribution to supporting the public treasury in the performance of their business:

- either because they are paid and borne directly by the Group
- or because they are taxes due from third parties collected on behalf of the public authorities in the course of the Group's business activities

✓ This report is based on an approach including the cash flow of all taxes with an impact on the banking business, both paid and collected, as opposed to the profit-and-loss-approach taken in the annual accounts[2].

(1) The public documentation supplementing CaixaBank's financial information consists of, inter alia, the Annual Accounts, the Annual Banking Report and the Annual Corporate Governance Report.

(2) However, the Consolidated Management Report of the CaixaBank Group (www.caixabank.com) also includes information about the payment of taxes on profit based on the country where these are obtained.

3. TAX AMOUNT MANAGED BY THE CAIXABANK GROUP

3.1. Own and third-party taxes

The CaixaBank Group has fully integrated BPI Group so its traditional business **presence in Spain** as the jurisdiction of reference is supplemented by the **business in Portugal** as the second jurisdiction, with the former being more relevant in all aspects, including own taxes paid and taxes collected from third parties on behalf of the authorities.

In addition, the growing business and resulting generation of taxes by the **institution's subsidiaries** should not be overlooked and will be explained below.

SPAIN

CaixaBank

Taxes managed by the CaixaBank Group

3,234 *billion* euros

1,764 *billion*
euros correspond to own taxes effectively paid as a taxpayer

1,470 *billion*
euros are third-party taxes collected by the CaixaBank Group on behalf of the different Spanish tax authorities, resulting directly from CaixaBank's economic activity

PORTUGAL

BPI

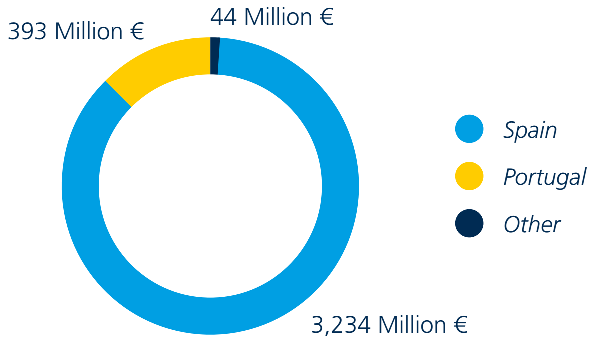
Taxes managed by the Banco BPI Group

393 *million* euros

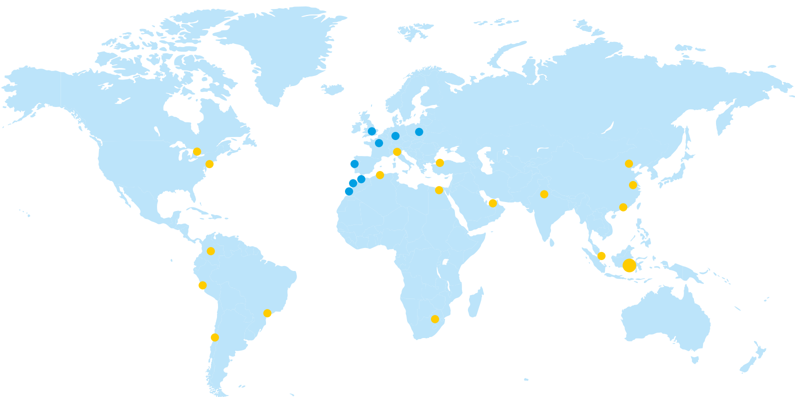
94 *million*
euros correspond to own taxes effectively paid as a taxpayer

299 *million*
euros are third-party taxes collected by the BPI Group on behalf of the different Portuguese tax authorities, resulting from the economic activity of the BPI Group

CaixaBank is **committed to paying taxes** where it operates and creates value and therefore pays a large percentage of its taxes in Spain. CaixaBank also pays taxes in countries where it has representative offices. These are essentially taxes related to the staff employed in these countries.



Other countries where CaixaBank intervenes



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International branches
Poland, Morocco (3 offices), United Kingdom, Germany, France, Portugal and Italy

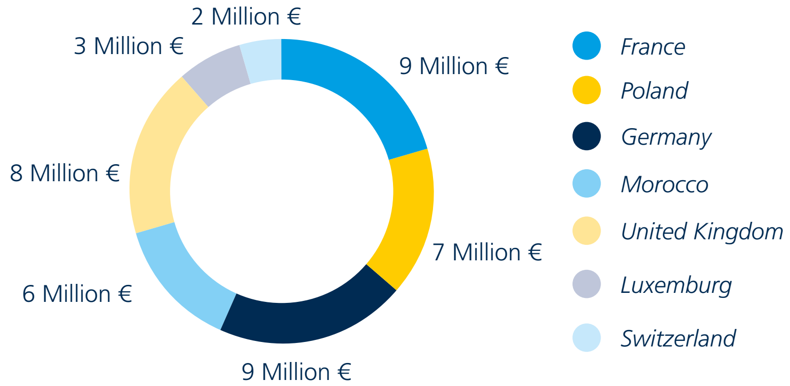
17

Territories with 18 representative offices
Beijing, Shanghai, Hong Kong, Singapore, New Delhi, Sydney, Dubai, Istanbul, Cairo, Algiers, Johannesburg, Toronto, New York, Bogota, Lima, Sao Paulo, Santiago

CaixaBank has 18 Representative Offices through which it does not conduct any banking business but provides information about the institution's services.

Own taxes paid and third-party taxes collected by the branches and the subsidiary companies

44 *million*
euros



The following are aggregate data for own taxes paid and third-party taxes collected by the CaixaBank Group[3]

Direct Tax

577 *million* euros

Among others:

396 Million € belong to Corporate Income Tax (CIT)

110 Million € belong to the levy on bank deposits

70 Million € relate mainly to property and business taxes

Indirect Tax

716 *million* euros

Among others:

438 Million € belong to non-deductible Value Added Tax (VAT)

261 Million € correspond to Stamp Duty (AJD)

Social security paid by the company

601 *million* euros

Total tax paid

1,894 *billion* euros

Total tax collected from third parties

1,778 *billion* euros

Total

3,672 *billion* euros

The difference between the CIT expense and its payment

The amounts reported following a cash basis of **Corporate Income Tax** (CIT) do not correspond to the expense of this tax registered in the Consolidated Profit and Loss account. The reasons of this divergence can be synthesised, in essence, through three points:

1. **Time differences:** the cash basis includes CIT incomes (returns) regarding the tax group in Spain and the Portuguese subsidiaries, that matches CIT income (return) from the previous exercise and the pre-payment on account of CIT from the current financial year. On the other side, the expense of this tax registered in the Consolidated Profit and Loss account matches with the accrued amount in the current financial year.

2. **Perimeter difference:** the tax consolidation regime in Spain allows Fundación Bancaria "la Caixa" as well as CriteriaCaixa to be part of the tax group nonetheless they are not part of the mercantile group.

3. **Previous tax credits:** Finally, it must be borne in mind that the last financial crisis suffered in a global scale meant losses for the financial institutions that were subsequently merged, creating, therefore, tax credits for the absorber companies which means an additional difference between the tax accrued and the tax payed.

(3) Including the BPI Group and its subsidiaries.

Details by region (in millions of euros)

	Ordinary revenue*		Pre-tax profit (loss)		Tax of companies accrued		Tax of companies paid	
	2022	2021	2022	2021	2022	2021	2022	2021
Spain	14,885	13,284	3,643	2,590	(1,041)	(627)	355.0	693.0
Portugal	1,264	1,070	548	372	(109.2)	(58.8)	15.0	10.0
France	62	28	40	22	(10.4)	(4.2)	7.0	6.0
Poland	93	19	7	11	(2.9)	(1.8)	3.0	2.5
United Kingdom	77	30	43	23	(7.3)	(3.2)	8.0	2.4
Germany	66	32	29	23	(4.8)	(3.9)	4.0	2.0
Morocco	14	11	8	6	(2.7)	(2.1)	2.0	2.0
Switzerland	7	8	2	4	(0.3)	(0.5)	0.5	0.5
Luxembourg	21	17	6	12	(0.1)	(0.3)	0.4	0.5

* Corresponding to the following items in the Group's public statement of profit or loss. 1. Interest income 2. Dividend income 3. Share of profit or loss of equity-accounted institutions 4. Fee and commission income 5. Gains/(losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net 6. Gains/(losses) on financial assets and liabilities held for trading, net 7. Gains/(losses) on assets not designated for trading compulsorily measured at fair value through profit or loss, net 8. Gains/(losses) on financial assets and liabilities designated at fair value through profit or loss, net 9. Gains/(losses) from hedge accounting, net 10. Other operating income 11. Income from assets under insurance and reinsurance contracts.

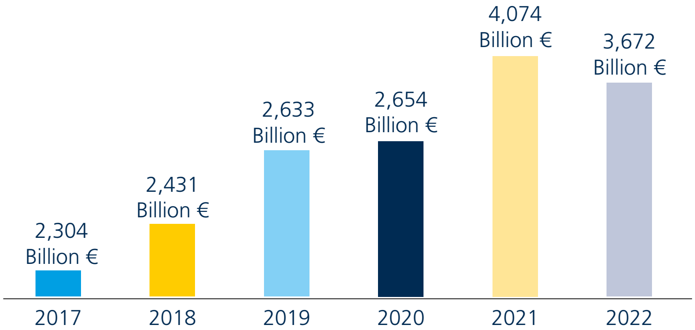
Development of the tax amount managed by the CaixaBank Group

The development of the tax amount managed by the CaixaBank Group increases every year despite the recent economic crisis which, as stated above, gave rise to tax credits for these losses. In addition, there was a noteworthy substantial increase in 2017, which was due in large part to the integration of the BPI Group.

For its part, the 2019 increase it is explained, mainly, because financial institutions are since the end of 2018 the taxpayer of the Stamp Duty in mortgage loans.

In 2021, the merger of Bankia has increased the Total Tax Contribution of the CaixaBank Group.

The 2022 tax contribution declined primarily due to the drop in the payment of the Corporation Tax instalment, as in 2021 there was extraordinary income from the merger with Bankia. In addition, taxes associated with employment fell due to the impact of the redundancy plans.



3.2. Other contributions

In addition to the aforementioned taxes, CaixaBank makes other contributions specific to financial institutions to:

- ✓ **Supervisory funds** of the banking system at the European and the national level.
- ✓ **Funds for the support and functioning** of the banking system at large.
- ✓ **Financial Contribution monetisable DTAs.**

CaixaBank contributions to different funds

Deposit Guarantee Fund

407 million euros

Contribution to the Single Resolution Fund

158 million euros

Other funds

25 million euros

Financial Contribution monetisable DTAs

149 million euros

Total

740 million euros

3.3. Total Tax Rate

The **Total Tax Rate** measures the percentage that taxes paid, or, as the case may be, all the contributions to the Public Sector in general, represent on the profit. As it can be seen, this ratio has different outlooks:

✓ The **Total Tax Rate** measured as the total taxes paid on consolidated profit before tax:

1,894/(1,894+4,326)= 30%

✓ The **Total Tax Rate** measured as all the contributions made to the Public Sector in general on consolidated profit:

(1,894+740)/[(1,894+740)+4,326]= 38%

As a corollary, if we average the taxes paid over the last 5 years and compare them with the average dividends distributed in those same years, we can state that, practically, for every euro received by our shareholders, they contribute 2 euros (double) to society via the payment of taxes and contributions to public authorities.

✓ Average taxes paid from 2018 to 2022 inclusive:

1,708.80 million euros

✓ Average dividends paid from 2018 to 2022 inclusive:

870.21 million euros

1,708.80/870.21=1.96

Note: Taxes and dividends paid by Bankia have been included for the time period indicated.

3.4. CaixaBank as a collaborating institution in the management of taxes and social contributions

✓ CaixaBank performs an important social duty as a collaborating institution of the State, autonomous and local tax authorities and the General Treasury of the Spanish Social Security:

- Collects taxes and social security contributions from third parties.
- Pays these third parties tax refunds as ordered by these authorities.

✓ In addition, CaixaBank transparently and proactively cooperates with the public authorities to combat tax avoidance and fraud. In 2022, it has allocated its own resources and means to investigate fraud.

CaixaBank managed collections and payments on behalf of the authorities(4)

Collections
119,534
billion euros

Payments
55,650
billion euros

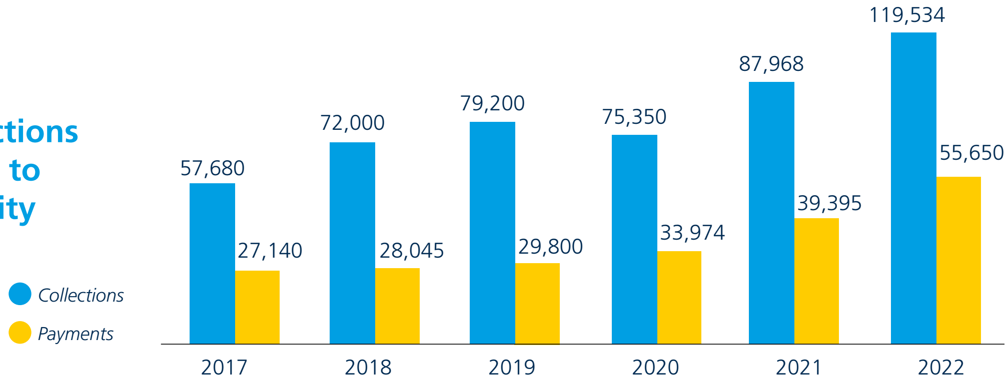
CaixaBank cooperates to combat tax avoidance and fraud

6,206
individual requests
for information from the Spanish authorities

16,626
seizures
processed at the request of the Spanish authorities

Development of the management of collections and payments related to taxes and social security contributions

(billions of euros)



(4) Solely in relation with taxes and social security contributions.

TAX OVERVIEW

TAXES

CaixaBank

Taxes **managed** by the **CaixaBank Group** in Spain

3,234 BILLION €

BPI

Taxes **managed** by the **Banco BPI Group** in Portugal

393 MILLION €

44 MILLION € Own taxes **paid** and **third-party taxes collected** by the branches and the subsidiary companies

Total **tax collected** from third parties

1,778 BILLION €

Total tax **paid**

1,894 BILLION €

Total **3,672** billion euros

RESULTS

Consolidated profit before tax

4,326 BILLION €

Total tax rate

38%*

CONTRIBUTIONS

Contribution to **Deposit Guarantee Fund**

407 MILLION €

Contribution to the **Single Resolution Fund**

158 MILLION €

Contribution to the **other funds**

25 MILLION €

Financial Contribution monetisable DTAs

149 MILLION €

Total **740** million euros

COLLECTIONS AND PAYMENTS

CaixaBank managed **collections** on behalf of the authorities

119,534 BILLION €

CaixaBank managed **payments** on behalf of the authorities

55,650 BILLION €

COOPERATION AGAINST TAX FRAUD

6,206 **Individual requests for information** from the Spanish authorities

16,626 **seizures** processed at the request of the Spanish authorities

*Total Tax Rate including other contributions to the public sector. See page 10.

4. ADDITIONAL ISSUES

This tax report is not limited exclusively to taxes paid or collected. The Group adopts decisions with an impact on the tax contribution, which we deem could be of interest to CaixaBank's customers and the public at large. Below we address some additional issues we have identified as relevant in this respect.

4.1. Interpretation of tax regulations

Tax is paid as a result of fulfilling the tax obligations arising from the tax regulations.

✓ CaixaBank interprets the tax regulations taking into account
- the **intentions of the legislator**
- and the **underlying economic reasonableness**, in line with the tax principles of the OECD as expressed through the BEPS project.

✓ CaixaBank's interpretation of the tax regulations is also verified by **tax advisors** of renowned prestige in this field when this is required due to the complexity or importance of the matter, which includes requests for clarifications being made to the tax authorities when deemed necessary.

✓ The tax-related decisions resulting from these interpretations are subsequently reviewed by **CaixaBank's external auditors**. For the purpose of safeguarding the independence of CaixaBank's audit, the institution does not hire as tax advisors the professionals that audit its accounts.

✓ As a corollary of the reasonableness of the interpretation of tax regulations, the Spanish Tax Inspection verifies that **tax obligations have been fulfilled**.

✓ The **low risk profile** that characterises the tax-related decision-making of the CaixaBank Group is underlined by the low significance of its tax corrections.

Conclusion

In conclusion, CaixaBank's interpretation of tax regulations leads to fair and reasonable tax management pursuant to the applicable legal taxation system.

4.2. Legal actions

The main tax proceedings in process at the end of the financial year 2022 were as follows:

- ✓ The audits for the years 2013 to 2015 were completed during 2020, the impacts of which were duly provisioned for. Non-conformity assessments for Corporation Tax and Value Added Tax are pending resolution by the Central Economic-Administrative Court.
- ✓ The audits for the years 2010 to 2012 were completed in 2017 with no significant impact. The National Court of Appeals has issued a partially upheld ruling on the non-conformity assessment for Corporation Tax, which is pending enforcement by the Tax Agency.

  The Central Economic-Administrative Court has rejected the Value Added Tax assessments, which are pending enforcement by the Tax Agency.

In addition, during the current financial year, the inspection procedure of Bankia from 2011 to 2013 was completed with the signing of the conformity assessments and the lawsuit for Deposit Tax in the Canary Islands, releasing the unused provision.

4.3. Voluntary Codes of Good Tax Practices

CaixaBank is a voluntary member of the **Spanish Large Businesses Forum** and participates actively therein. The Forum includes the AEAT and the main large taxpayers with the aim of extending and deepening the cooperative relationship model by providing a space where the largest tax issues can be analysed together and by sector.

CaixaBank is a voluntary member of:

✓ **Spanish Code of Good Tax Practices**

- The Code was approved by the Spanish Large Businesses Forum (Foro de Grandes Empresas) and
- Contains a series of recommendations undertaken on a voluntary basis by both the Spanish Tax Administration Agency (with initials in Spanish "AEAT") and companies, which serve to:
  - Improve the tax system by increasing legal security,
  - mutual cooperation based on good faith,
  - legitimate trust and
  - the implementation of fiscally responsible policies in companies with the knowledge of the governing bodies.

✓ **Code of Practice on Taxation for Banks**

- through its subsidiary in London
- created by the British tax authorities.

4.4. The CaixaBank Group's activity in Luxembourg

Luxembourg has become a key jurisdiction in the financial sector for a variety of reasons:

its *efficiency* in financial matters due to its specialisation in investment products, allowing it to offer attractive profitability

along with its high level of legal *security* based on swift implementation of regulations and the stability of its legal system

These reasons have led the CaixaBank Group to adopt the decision to expand and export its offer of investment services to Luxembourg in order to have a presence on a global benchmark market in investment management, providing it with a greater reach of potential national and international customers than it could have if it rendered its services solely from Spain.

The ruling principles of the activity in Luxembourg

✓ This activity, as is the case for all activities performed by the **CaixaBank Group**, is performed with full transparency and subject to the controls inherent to a business that is regulated and supervised by bodies subject to common European and international regulations.

In this respect, **CaixaBank** applies the **tax principles of the OECD** as set out in the BEPS project (Base Erosion and Profit Shifting) and does not use any contrived company structures to shift profits to low-tax jurisdictions so that the size of its business always corresponds to the actual economic scenario.

✓ **Investors in Luxembourg** are informed and known by the tax authorities so that they fulfil their relevant tax obligations with full **transparency**.

4.5. CaixaBank's position towards countries and territories on the EU list of non-cooperative jurisdictions for tax purposes

CaixaBank's position towards countries and territories on the EU list of non-cooperative jurisdictions is in line with the principles of the following regulatory documents[5] of the Group:

Code of Ethics

Corporate tax risk management and tax procedure policy

Therefore, CaixaBank deems non-cooperative jurisdiction to mean any jurisdiction or territory determined as such pursuant to the current regulations applicable to CaixaBank's business.

General principles of action towards non-cooperative jurisdictions

As a general principle of action, CaixaBank avoids:

1. Performing its business in jurisdictions classed as non-cooperative.

2. Using tax structures involving these territories or territories with low or no taxation not consistent with the real economic substance. A prior analysis of the economic reasoning and an additional decision by CaixaBank's governing bodies is required when the institution acquires a stake in institutions based in territories classed as non-cooperative jurisdictions.

CaixaBank does not currently hold any direct stakes in companies based in territories classed as non-cooperative jurisdictions.

The implications of Banco BPI integration

Banco BPI was integrated into the CaixaBank Group in the financial year 2017, both groups continue making efforts to:

- Align their risk **appetite**
- Consolidate their **reporting**
- Apply better **practices in managing, controlling and governing risk** at the corporate level

As a result, the BPI Group ceased its activity in the Cayman Islands in 2018.

(5) These documents are accessible through the corporate website www.caixabank.com

CaixaBank