

**BANCO BILBAO VIZCAYA ARGENTARIA, S.A.  
HONG KONG BRANCH**

**FINANCIAL DISCLOSURE STATEMENT  
AS AT 31 DECEMBER 2021**

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**Chief Executive's Declaration**

The disclosure statement is prepared in accordance with the Banking (Disclosure) Rules issued by Hong Kong Monetary Authority.

The information contained therein complies with the disclosure requirements and is not false or misleading.



Pablo Riquelme Turrent  
Chief Executive  
Banco Bilbao Vizcaya Argentaria, S.A.  
Hong Kong Branch

**BANCO BILBAO VIZCAYA ARGENTARIA, S.A.  
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**INCOME STATEMENT**

	<u>31 Dec 2021</u> HKD'000	<u>31 Dec 2020</u> HKD'000
Interest Income	471,112	645,441
Interest Expenses	(106,467)	(321,078)
Other Operating Income:		
- Gains less losses arising from trading in foreign currencies	(1,045)	3,846
- Gains less losses on securities held for trading purposes	0	0
- Gains less losses from other trading activities	0	0
- Commission income	358,571	195,411
- Commission expense	(18,712)	(3,865)
- Others	0	0
Operating Expenses:		
- Staff and Rental Expenses	(173,535)	(148,313)
- Other Expenses	(27,571)	(23,374)
Impairment losses and provision for impaired loans and receivables	2,901	(48,335)
Profit/(Loss) from the disposal of equipment	0	0
Profit before taxation	505,254	299,733
Tax (Expense)/Income	(80,140)	(50,866)
Profit after Taxation	425,114	248,867

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**BALANCE SHEET INFORMATION**

	Note	<u>31 Dec 2021</u> HKD'000	<u>30 Jun 2021</u> HKD'000
<b>ASSETS</b>			
Cash and balances with banks		165,255	117,296
Due from Exchange Fund		51,172	30,627
Placements with banks maturing between 1 and 12 months		-	-
Amount due from overseas offices		4,789,228	3,384,388
Trade Bills		-	-
Loans and receivables	1	39,861,378	38,681,017
Investment securities		1,766,710	1,779,504
Provision against value of other claims and investment		(188)	(330)
Plant and equipment		43,637	53,725
Total Assets		46,677,192	44,046,227
<b>LIABILITIES</b>			
Deposits and balances from banks		809,941	790,609
Deposits from customers:			
- Demand deposits and current accounts		373,515	526,851
- Time, call and notice deposits		62,546	44,992
Certificates of deposit issued		-	-
Amount due to overseas offices		45,006,596	42,308,951
Other liabilities		424,594	374,824
Total Liabilities		46,677,192	44,046,227

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**ADDITIONAL BALANCE SHEET INFORMATION**

	<u>31 Dec 2021</u> HKD'000	<u>30 Jun 2021</u> HKD'000
(1) Loans and receivables		
- Loans and advances to customers	39,774,287	38,611,868
- Loans and advances to banks	-	-
- Accrued interest and other accounts	105,214	101,625
Provisions for impairment loans to customer		
- collective provisions	(5,156)	(19,244)
- specific provisions	(12,967)	(13,232)
	----- 39,861,378 =====	----- 38,681,017 =====

	<u>31 Dec 2021</u> HKD'000	<u>30 Jun 2021</u> HKD'000
(2) Impaired Loans and Advances		
(a) Amount of impaired loans and advances to customers which are individually determined to be impaired	779,833	1,249,464
(b) Amount of specific provisions made for such loans and advances	12,967	13,232
(c) Value of collateral which has been taken into account in respect of such loans and advances to which the specific provisions relate	781,524	785,222
(d) Percentage of such loans and advances to total amount of loans and advances to customers	1.96%	3.24%

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	<u>31 Dec 2021</u> HKD'000	<u>30 Jun 2021</u> HKD'000
(3) Advances to customers – by industry sectors		
Loan for use in Hong Kong		
Industrial, commercial and financial:		
- Property development	-	-
- Property investment	-	-
- Financial concerns	-	-
- Wholesale and retail trade	-	-
- Manufacturing	2,546,392	1,366,702
- Transport and transport equipment	-	-
- Information Technology	-	-
- Others	1,559,890	1,552,776
Individuals:		
- Loans for the purchase of other residential properties	-	-
- Others	-	-
Trade finance	5,718,318	4,892,714
Loan for use outside Hong Kong	29,949,687	30,799,676
Total customers advances	<u>39,774,287</u>	<u>38,611,868</u>
Extent of customer loans covered by collateral or other security	<u>30.10%</u>	<u>33.94%</u>

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(4) Advances to customers – by countries

The analysis of advances to customers by countries, which is according to the location of counterparties, is as follows:

(a) Total advances to customers

	31 Dec 2021		30 Jun 2021	
	HKD in million	% of total advances to customers	HKD in million	% of total advances to customers
Australia	3,262	8.2%	4,425	11.5%
Brazil	594	1.5%	594	1.6%
Hong Kong	11,516	29.0%	6,339	16.4%
Qatar	1,127	2.8%	1,162	3.0%
Peru	902	2.3%	1,693	4.4%
United Arab Emirates	3,357	8.4%	3,355	8.7%
Netherlands	1,993	5.0%	2,598	6.7%
USA	4,001	10.1%	1,341	3.4%
Cayman Islands	1,265	3.2%	1,289	3.3%
Kuwait	3,215	8.1%	3,333	8.6%
Singapore	288	0.7%	-	-
Mexico	624	1.6%	1,397	3.6%
Luxembourg	-	-	1,418	3.7%
India	2,069	5.2%	2,060	5.3%
Indonesia	-	-	1,958	5.1%
Chile	4,062	10.2%	3,469	9.0%
Others	1,499	3.7%	2,181	5.7%
	-----	-----	-----	-----
	39,774	100%	38,612	100%
	=====	=====	=====	=====

(b) Individually determined impaired advances to customers

	31 Dec 2021	30 Jun 2021
By countries	HKD in million	HKD in million
Argentina	51	55
Brazil	594	594
Cayman Islands	-	461
Panama	135	139
	-----	-----
	780	1,249
	=====	=====

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(5) International Claims

International claims are derived according to the location of counterparties on which ultimate risk lies after taking into account any transfer of risk (claims arising between branches and subsidiaries are excluded).

<u>As at 31 Dec 2021 (in HKD million)</u>	<u>Non-Bank private Sector</u>					<u>Total</u>
	<u>Banks</u>	<u>Official Sector</u>	<u>Non-Bank Financial Institutions</u>	<u>Non-Financial Private Sector</u>	<u>Others</u>	
1. Developed Countries	112	-	-	7,916	-	8,028
of which Australia	4	-	-	2,045	-	2,049
of which U.S.A.	94	-	-	3,605	-	3,699
of which Spain	1	-	-	780	-	781
of which United Kingdom	10	-	-	2	-	12
of which Netherland	-	-	-	938	-	938
of which Japan	2	-	-	152	-	154
2. Offshore Centre	285	-	-	14,165	-	14,450
of which Cayman Islands	-	-	-	1,200	-	1,200
of which Panama	-	-	-	113	-	113
of which Singapore	-	-	-	288	-	288
of which Mauritius	-	-	-	104	-	104
of which Hong Kong	285	-	-	12,460	-	12,745
3. Developing Europe	-	-	-	-	-	-
4. Developing Latin America & Caribbean	-	3	-	44	-	47
of which Brazil	-	-	-	30	-	30
of which Peru	-	-	-	1	-	1
of which Chile	-	-	-	13	-	13
5. Developing Africa & Middle East	-	-	-	1,483	-	1,483
of which United Arab Emirates	-	-	-	351	-	351
of which Qatar	-	-	-	1,127	-	1,127
6. Developing Asia & Pacific	624	-	-	14,877	-	15,501
of which China	624	-	-	4,054	-	4,678
of which S. Korea	-	-	-	10,440	-	10,440
7. International Organizations	-	-	-	-	-	-
8. Unallocated by Country	-	-	-	-	-	-



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<u>As at 30 Jun 2021 (in HKD million)</u>	<u>Banks</u>	<u>Official Sector</u>	<u>Non-Bank private Sector</u>		<u>Others</u>	<u>Total</u>
			<u>Non-Bank Financial Institutions</u>	<u>Non-Financial Private Sector</u>		
1. Developed Countries	91	-	-	6,985	-	7,076
of which Australia	43	-	-	3,072	-	3,115
of which U.S.A.	40	-	-	872	-	912
of which Spain	1	-	-	818	-	819
of which United Kingdom	4	-	-	143	-	147
of which Netherland	-	-	-	1,516	-	1,516
of which Japan	2	-	-	190	-	192
2. Offshore Centre	258	-	-	11,638	-	11,896
of which Cayman Islands	-	-	-	4,571	-	4,571
of which Panama	-	-	-	100	-	100
of which Singapore	-	-	-	-	-	-
of which Mauritius	-	-	-	194	-	194
of which Hong Kong	258	-	-	6,773	-	7,031
3. Developing Europe	-	-	-	-	-	-
4. Developing Latin America & Caribbean	-	2	-	38	-	40
of which Brazil	-	-	-	33	-	33
of which Peru	-	-	-	1	-	1
of which Chile	-	-	-	2	-	2
5. Developing Africa & Middle East	-	-	-	1,516	-	1,516
of which United Arab Emirates	-	-	-	364	-	364
of which Qatar	-	-	-	1,147	-	1,147
6. Developing Asia & Pacific	621	-	-	17,236	-	17,857
of which China	621	-	-	4,965	-	5,586
of which S. Korea	-	-	-	11,506	-	11,506
7. International Organizations	-	-	-	-	-	-
8. Unallocated by Country	-	-	-	-	-	-

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(6) (a) Analysis of gross amount of overdue and rescheduled advances to customers

	<u>31 Dec 2021</u>		<u>30 Jun 2021</u>	
	<u>HKD'000</u>	<u>% of total advances to customers</u>	<u>HKD'000</u>	<u>% of total advances to customers</u>
Advances to customer overdue for				
- > 3 months and < 6 months	-	-	-	-
- > 6 months and < 1 year	-	-	-	-
- > 1 year	-	-	-	-
Rescheduled advances to customers	-	-	-	-

(b) Other overdue assets:

	<u>31 Dec 2021</u>		<u>30 Jun 2021</u>	
	<u>HKD'000</u>	<u>% of total advances to customers</u>	<u>HKD'000</u>	<u>% of total advances to customers</u>
Overdue trade bills				
- > 3 months	-	-	-	-
Overdue debt securities				
- > 3 months	-	-	-	-

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(7) Breakdown of Mainland exposures to non-bank counterparties.

The following Mainland exposures to non-bank counterparties are prepared in accordance with HKMA Return of Mainland Activities completion instructions.

As at 31 Dec 2021

<u>Types of Counterparties</u>	<u>On-balance sheet exposure HKD million</u>	<u>Off-balance sheet exposure HKD million</u>	<u>Total Exposure HKD million</u>
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	13,903	1,187	15,090
2. Local Government, local government-owned entities and their subsidiaries and JVs	1,372	429	1,801
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,379	4,447	5,826
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local government not reported in item 2 above	-	-	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	-	-	-
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	16,654	6,063	22,717
Total assets after provision	46,677		
On-balance sheet exposures as percentage of total assets	35.68%		

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As at 30 Jun 2021

<u>Types of Counterparties</u>	<u>On-balance sheet exposure HKD million</u>	<u>Off-balance sheet exposure HKD million</u>	<u>Total Exposure HKD million</u>
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	10,109	757	10,866
2. Local Government, local government-owned entities and their subsidiaries and JVs	988	-	988
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,516	3,240	4,756
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local government not reported in item 2 above	-	-	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	-	-	-
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	440	608	1,048
Total	13,053	4,605	17,658
Total assets after provision	44,046		
On-balance sheet exposures as percentage of total assets	29.64%		

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(8) Currency risk

This information concerning the foreign currency exposures of the bank is calculated in the method set out in the return of "Foreign Currency Position" issued by the HKMA.

	<u>As at 31 Dec 2021</u>										
	In HKD million										
	USD	GBP	JPY	EUR	CNY	CAD	CHF	AUD	SGD	OTHER	TOTAL
Spot assets	36,357	11	2	1,400	49	0	1	2,408	0	4,076	44,304
Spot liabilities	(35,153)	(13)	(0)	(1,401)	(97)	(0)	(0)	(2,408)	(0)	(4,074)	(43,146)
Forward purchases	795	0	0	0	48	0	0	5	0	773	1,621
Forward Sales	(1,972)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(788)	(2,760)
Net option position	0	0	0	0	0	0	0	0	0	0	0
Net long (short) position	27	(2)	2	(1)	0	0	1	5	0	(13)	19
Net structural position	0	0	0	0	0	0	0	0	0	0	0

	<u>As at 30 Jun 2021</u>										
	In HKD million										
	USD	GBP	JPY	EUR	CNY	CAD	CHF	AUD	SGD	OTHER	TOTAL
Spot assets	30,466	5	2	3,976	22	0	1	3,481	0	3,862	41,815
Spot liabilities	(29,528)	(6)	(0)	(3,926)	(32)	(0)	(0)	(3,472)	(0)	(3,854)	(40,818)
Forward purchases	979	0	0	461	10	0	0	5	0	535	1,990
Forward Sales	(1,890)	(0)	(0)	(508)	(0)	(0)	(0)	(0)	(0)	(543)	(2,941)
Net option position	0	0	0	0	0	0	0	0	0	0	0
Net long (short) position	27	(1)	2	3	0	0	1	14	0	0	46
Net structural position	0	0	0	0	0	0	0	0	0	0	0

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**OFF BALANCE SHEET EXPOSURES**

	<u>31 Dec 2021</u> HKD'000	<u>30 Jun 2021</u> HKD'000
Contingent Liabilities and Commitments		
- Direct credit substitutes	182,695	182,285
- Transaction-related contingent items	503,674	505,817
- Trade related contingencies	314,276	97,434
- Other commitments	8,141,390	6,583,698
- Others	-	10,792
Derivatives		
- Exchange rate contracts	2,759,371	2,940,755
- Interest rate contract	0	10,792
Replacement cost of derivatives *		
- Exchange rate contracts	80	315
- Interest rate contract	0	10,793

\*The replacement costs of contract represent the mark to market assets on all contracts and which have not been subjected to any bilateral netting agreement.

**LIQUIDITY**

Average liquidity maintenance ratio (LMR) is calculated as the simple average of each month's average liquidity maintenance ratio for the financial year computed in accordance with Banking Liquidity Rules.

	<u>Three Months</u> <u>ended</u> <u>31 Dec 2021</u>	<u>Three Months</u> <u>ended</u> <u>31 Dec 2020</u>
Average liquidity maintenance ratio (LMR)	46.25%	51.11%

This information is available at the Bank's website:-  
<https://www.bbvacib.com/en/sobre-bbva-cib/due-diligence/-/0045/445333>

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Liquidity Risk Management

BBVA Hong Kong Branch's liquidity procedure and strategy are reviewed regularly by the Regional ALCO Committee, chaired by the Asia CEO (who is the Hong Kong Branch manager too), with committee members comprised of Asia Senior Management based in Hong Kong which includes all the business lines and main support units, as well as Asset & Liability Management and Structural Risks departments in Head Office. The support areas defined to identify, measure and control risks are independent of the business origination functions.

The branch manages its liquidity risk in accordance with the *Liquidity and funding risk procedure for Foreign Branches* and HKMA requirements. This includes maintaining a liquidity cushion (buffer) not just aimed to meet LMR target requirements, but comprised of at least 50% of highest liquid securities (namely HKMA bill and notes).

According to intragroup lending policies, the Branch can only borrow or lend funds with its Head Office. In a similar way, the Group's strategy is based, among others, in the principle of funding self-sufficiency of its subsidiaries. Meaning that each of the Liquidity Management Units must cover its funding needs independently on the markets where it operates. This avoids possible contagion due to a crisis affecting one or more Liquidity Management Units in the Group. Currently, the main source of liquidity for the branch is the access to Head Office funding.

The aforementioned access to Head Office funding is structured through an Evergreen facility signed between the Branch and Head Office, according to which the Branch may be funded via drawdowns up to USD6.8Bio equivalent funding in USD, AUD, EUR and GBP, with no maturity and an additional call option term held by Head Office with length no shorter than 6 months. The liquidity and funding risk of the branch is mitigated by the unlimited access to the parent company funds, being the Branch part of the same legal entity, and relatively small.

On a daily basis, the Finance Department reviews the HKMA LMR ratio, sources of funding and other liquidity ratios; sending a summary to the senior management in the Branch. On a monthly basis, stress tests of the Branch's liquidity under crisis scenario (based on contractual obligations and assumptions well worse than any historical situation) are carried out and overall position of the Branch is presented to the ALCO Committee. This stress test is used, among others to assess the liquidity cushion size and composition. In general, due to the structure created for the branch there are no liquidity gaps: aforementioned Evergreen facility; customer deposits and interbank borrowing which are not used for self-funding purposes; most of the guarantee business and uncommitted facility lines that could require sudden liquidity requirements have been moved out from Hong Kong. Making overall liquidity management simple for the Branch.

At least yearly the Funding Contingency plans of the region and branch are reviewed and tested. This includes the early warning signals that are monitored, escalation process for managing liquidity disruptions, short term measures including selling highly liquid assets in the market and a communication plan for all the areas in the Branch. A Recovery Plan completely in line with the Group's one is ready and presented to the HKMA.

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The Table is on- and off-balance sheet items, broken down into maturity buckets as at 31 December 2021

In HKD Millions	Total Amount	Next day	2 to 7 days	8 days to 1 month	> 1 month up to 3 months	> 3 months up to 6 months	> 6 months up to 1 year	> 1 year up to 2 years	> 2 years up to 3 years	> 3 years up to 5 years	Over 5 years	Balancing
Total on-balance sheet assets	46,703	5,543	724	7,549	1,363	3,024	2,298	6,035	6,453	2,567	11,055	92
Total off-balance sheet claims	15,428	15,428	0	0	0	0	0	0	0	0	0	0
Total on-balance sheet liabilities	46,685	1,050	312	3	1,660	1,060	393	2,533	1,464	0	37,613	597
Total off-balance sheet obligations	9,396	0	8,977	6	32	122	203	56	0	0	0	0

**REMUNERATION DISCLOSURE**

In respect to the disclosure requirement under the HKMA's Supervisory Policy Manual (CG-5)-Guideline on a Sound Remuneration System, please refer to the Bank's link shown below:

<https://shareholdersandinvestors.bbva.com>



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**CONSOLIDATED FINANCIAL INFORMATION FOR BANCO BILBAO VIZCAYA ARGENTARIA, S.A.**

	<u>31 Dec 2021</u> EUR million	<u>30 Jun 2021</u> EUR million
<b><u>CAPITAL AND CAPITAL ADEQUACY</u></b>		
Consolidated Capital Adequacy Ratio*	17.24%	18.75%
Aggregate amount of shareholders' funds	48,760	49,944

\*An allowance for market risk has been incorporated in the above ratio which is calculated under Capital Requirements Directive IV from Basel III regulation.

**OTHER FINANCIAL INFORMATION**

- Total assets	662,885	648,169
- Total liabilities	614,125	598,225
- Total loans and advances	330,055	327,372
- Total customer deposits	349,761	338,795

	<u>31 Dec 2021</u> EUR million	<u>31 Dec 2020</u> EUR million
Pre-tax profit	8,240	5,225

Exchange rate:

EUR 1.00 = HKD 9.52099928 as at 31 Dec 2020

EUR 1.00 = HKD 9.22970479 as at 30 Jun 2021

EUR 1.00 = HKD 8.83990044 as at 31 Dec 2021