

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

**FINANCIAL DISCLOSURE STATEMENT  
AS AT 31 DECEMBER 2022**

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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.



Iurgi Ruiz de Gauna Itza  
Chief Executive  
Banco Bilbao Vizcaya Argentaria, S.A.  
Hong Kong Branch

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**INCOME STATEMENT**

	<u>31 Dec 2022</u> HKD'000	<u>31 Dec 2021</u> HKD'000
Interest Income	1,182,598	471,112
Interest Expenses	(835,734)	(106,467)
Other Operating Income:		
- Gains less losses arising from trading in foreign currencies	(7,429)	(1,045)
- Gains less losses on securities held for trading purposes	0	0
- Gains less losses from other trading activities	0	0
- Commission income	250,905	358,571
- Commission expense	(16,709)	(18,712)
- Others	0	0
Operating Expenses:		
- Staff and Rental Expenses	(195,626)	(173,535)
- Other Expenses	(98,446)	(27,571)
Impairment losses and provision for impaired loans and receivables	7,432	2,901
Profit/(Loss) from the disposal of equipment	0	0
Profit before taxation	286,991	505,254
Tax (Expense)/Income	(45,140)	(80,140)
Profit after Taxation	241,851	425,114

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**BALANCE SHEET INFORMATION**

	Note	<u>31 Dec 2022</u> HKD'000	<u>30 Jun 2022</u> HKD'000
<b>ASSETS</b>			
Cash and balances with banks		617,312	141,618
Due from Exchange Fund		58,979	30,995
Placements with banks maturing between 1 and 12 months		-	-
Amount due from overseas offices		13,035,907	2,967,362
Trade Bills		-	117,165
Loans and receivables	1	51,302,494	41,419,835
Investment securities		1,764,467	1,767,464
Provision against value of other claims and investment		(222)	(59)
Plant and equipment		22,229	32,320
Total Assets		66,801,166	46,476,700
<b>LIABILITIES</b>			
Deposits and balances from banks		3,153,716	501,291
Deposits from customers:			
- Demand deposits and current accounts		693,552	454,538
- Time, call and notice deposits		446,298	37,376
Due to Exchange Fund		5,154,966	-
Amount due to overseas offices		56,638,618	45,013,239
Other liabilities		714,016	470,256
Total Liabilities		66,801,166	46,476,700

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**ADDITIONAL BALANCE SHEET INFORMATION**

	<u>31 Dec 2022</u> HKD'000	<u>30 Jun 2022</u> HKD'000
(1) Loans and receivables		
- Loans and advances to customers	50,962,596	41,265,502
- Loans and advances to banks	-	-
- Accrued interest and other accounts	356,767	168,240
Provisions for impairment loans to customer		
- collective provisions	(9,132)	(6,921)
- specific provisions	(7,737)	(6,986)
	----- 51,302,494 =====	----- 41,419,835 =====

	<u>31 Dec 2022</u> HKD'000	<u>30 Jun 2022</u> HKD'000
(2) Impaired Loans and Advances		
(a) Amount of impaired loans and advances to customers which are individually determined to be impaired	153,794	174,214
(b) Amount of specific provisions made for such loans and advances	7,737	6,986
(c) Value of collateral which has been taken into account in respect of such loans and advances to which the specific provisions relate	153,794	174,214
(d) Percentage of such loans and advances to total amount of loans and advances to customers	0.30%	0.42%

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	<u>31 Dec 2022</u> HKD'000	<u>30 Jun 2022</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	4,093,432	2,692,341
- Transport and transport equipment	-	-
- Information Technology	487,448	-
- Others	5,304,553	2,312,285
Individuals:		
- Loans for the purchase of other residential properties	-	-
- Others	-	-
Trade finance	7,993,909	5,398,813
Loan for use outside Hong Kong	33,083,254	30,862,063
Total customers advances	<u>50,962,596</u>	<u>41,265,502</u>
Extent of customer loans covered by collateral or other security	<u>24.79%</u>	<u>27.38%</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

	<u>31 Dec 2022</u>		<u>30 Jun 2022</u>	
	<u>HKD in million</u>	<u>% of total advances to customers</u>	<u>HKD in million</u>	<u>% of total advances to customers</u>
Hong Kong	18,423	36.1%	14,461	35.0%
Chile	4,412	8.7%	3,546	8.6%
United Arab Emirates	4,339	8.5%	3,364	8.2%
USA	3,611	7.1%	2,701	6.5%
Netherlands	3,497	6.9%	1,969	4.8%
Australia	2,973	5.8%	2,899	7.0%
Kuwait	2,812	5.5%	3,033	7.3%
Singapore	1,961	3.9%	-	-
India	1,874	3.7%	1,979	4.8%
Cayman Islands	1,594	3.1%	1,635	4.0%
Qatar	963	1.9%	1,109	2.7%
Others	4,504	8.8%	4,570	11.1%
	<u>50,963</u>	<u>100%</u>	<u>41,266</u>	<u>100%</u>

(b) Individually determined impaired advances to customers

	<u>31 Dec 2022</u>	<u>30 Jun 2022</u>
By countries	HKD in million	HKD in million
Argentina	154	174
	<u>154</u>	<u>174</u>

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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).

As at 31 Dec 2022 (in HKD million)	Non-Bank private Sector					Total
	Banks	Official Sector	Non-Bank Financial Institutions	Non-Financial Private Sector	Others	
1. Developed Countries	601	-	-	8,274	-	8,875
of which Australia	8	-	-	2,354	-	2,362
of which U.S.A.	551	-	-	3,269	-	3,820
of which Spain	1	-	-	591	-	592
of which United Kingdom	37	-	-	5	-	42
of which Netherlands	-	-	-	951	-	951
of which Japan	2	-	-	65	-	67
2. Offshore Centre	168	-	-	19,825	-	19,993
of which Cayman Islands	-	-	-	1,983	-	1,983
of which Panama	-	-	-	100	-	100
of which Singapore	-	-	-	1,961	-	1,961
of which Mauritius	-	-	-	-	-	-
of which Hong Kong	168	-	-	15,780	-	15,948
3. Developing Europe	-	-	-	-	-	-
4. Developing Latin America & Caribbean	-	1	-	521	-	522
of which Brazil	-	-	-	27	-	27
of which Chile	-	-	-	460	-	460
5. Developing Africa & Middle East	-	-	-	1,376	-	1,376
of which United Arab Emirates	-	-	-	372	-	372
of which Qatar	-	-	-	965	-	965
6. Developing Asia & Pacific	-	-	-	20,453	-	20,453
of which Mainland China	-	-	-	9,296	-	9,296
of which S. Korea	-	-	-	10,759	-	10,759
7. International Organizations	-	-	-	-	-	-
8. Unallocated by Country	-	-	-	-	-	-



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As at 30 Jun 2022 (in HKD million)	Banks	Official Sector	Non-Bank private Sector			Total
			Non-Bank Financial Institutions	Non-Financial Private Sector	Others	
1. Developed Countries	113	-	-	6,553	-	6,666
of which Australia	34	-	-	1,899	-	1,933
of which U.S.A.	49	-	-	2,541	-	2,590
of which Spain	10	-	-	637	-	647
of which United Kingdom	17	-	-	2	-	19
of which Netherlands	-	-	-	945	-	945
of which Japan	2	-	-	98	-	100
2. Offshore Centre	270	-	-	14,438	-	14,708
of which Cayman Islands	-	-	-	1,995	-	1,995
of which Panama	-	-	-	39	-	39
of which Singapore	-	-	-	-	-	-
of which Mauritius	-	-	-	88	-	88
of which Hong Kong	270	-	-	11,531	-	11,801
3. Developing Europe	-	-	-	-	-	-
4. Developing Latin America & Caribbean	-	10	-	2,688	-	2,698
of which Brazil	-	-	-	28	-	28
of which Chile	-	-	-	2,571	-	2,571
5. Developing Africa & Middle East	-	-	-	1,474	-	1,474
of which United Arab Emirates	-	-	-	347	-	347
of which Qatar	-	-	-	1,111	-	1,111
6. Developing Asia & Pacific	745	-	-	14,496	-	15,241
of which Mainland China	745	-	-	3,780	-	4,525
of which S. Korea	-	-	-	10,303	-	10,303
7. International Organizations	-	-	-	-	-	-
8. Unallocated by Country	-	-	-	-	-	-

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

	31 Dec 2022		30 Jun 2022	
	<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:

	31 Dec 2022		30 Jun 2022	
	<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 2022

<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)	19,185	1,687	20,872
2. Local Government, local government-owned entities and their subsidiaries and JVs	1,678	-	1,678
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3,439	3,847	7,286
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	24,302	5,534	29,836
Total assets after provision	66,801		
On-balance sheet exposures as percentage of total assets	36.38%		

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As at 30 Jun 2022

<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)	14,645	1,379	16,024
2. Local Government, local government-owned entities and their subsidiaries and JVs	1,679	-	1,679
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,389	4,396	5,785
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	17,713	5,775	23,488
Total assets after provision	46,477		
On-balance sheet exposures as percentage of total assets	38.11%		

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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 2022</u>										
	In HKD million										
	USD	GBP	JPY	EUR	CNY	CAD	CHF	AUD	SGD	OTHER	TOTAL
Spot assets	43,642	5,195	2	9,480	11	0	1	2,592	0	3,369	64,292
Spot liabilities	(42,233)	(5,197)	(0)	(9,482)	(30)	(0)	(0)	(2,602)	(0)	(3,365)	(62,909)
Forward purchases	647	0	0	0	15	0	0	11	0	678	1,351
Forward Sales	(2,037)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(678)	(2,715)
Net option position	0	0	0	0	0	0	0	0	0	0	0
Net long (short) position	19	(2)	2	(2)	(4)	0	1	1	0	4	19
Net structural position	0	0	0	0	0	0	0	0	0	0	0

	<u>As at 30 Jun 2022</u>										
	In HKD million										
	USD	GBP	JPY	EUR	CNY	CAD	CHF	AUD	SGD	OTHER	TOTAL
Spot assets	36,246	18	2	2,072	33	0	1	2,177	0	3,204	43,753
Spot liabilities	(34,987)	(19)	(0)	(2,056)	(54)	(0)	(0)	(2,181)	(0)	(3,202)	(42,499)
Forward purchases	848	0	0	0	17	0	0	4	0	839	1,708
Forward Sales	(2,090)	(0)	(0)	(17)	(0)	(0)	(0)	(0)	(0)	(839)	(2,946)
Net option position	0	0	0	0	0	0	0	0	0	0	0
Net long (short) position	17	(1)	2	(1)	(4)	0	1	0	0	2	16
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 2022</u> HKD'000	<u>30 Jun 2022</u> HKD'000
Contingent Liabilities and Commitments		
- Direct credit substitutes	72,901	104,629
- Transaction-related contingent items	1,101,612	656,312
- Trade related contingencies	190,410	117,772
- Other commitments	7,866,675	7,267,961
- Others	5,812,481	-
Derivatives		
- Exchange rate contracts	2,714,843	2,944,461
- Interest rate contract	6,167,182	-
Replacement cost of derivatives *		
- Exchange rate contracts	270	113
- Interest rate contract	6,169,108	-

\*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 2022</u>	<u>Three Months</u> <u>ended</u> <u>31 Dec 2021</u>
Average liquidity maintenance ratio (LMR)	53.50%	46.25%

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, with committee members comprised of Asia Senior Management based in Hong Kong which includes all the business lines and main support units, all the branch managers, 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 highly 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 2022

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	66,808	12,909	1,935	9,090	3,722	516	8,373	10,362	7,121	1,801	10,894	85
Total off-balance sheet claims	9,316	3,504	5,033	779	0	0	0	0	0	0	0	0
Total on-balance sheet liabilities	66,791	7,715	655	460	2,943	136	2,691	2,970	450	0	48,301	470
Total off-balance sheet obligations	15,556	0	14,179	779	6	410	182	0	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 2022</u> EUR million	<u>30 Jun 2022</u> EUR million
<b><u>CAPITAL AND CAPITAL ADEQUACY</u></b>		
Consolidated Capital Adequacy Ratio*	15.98%	16.22%
Aggregate amount of shareholders' funds	50,615	48,793

\*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	713,140	715,294
- Total liabilities	662,525	666,501
- Total loans and advances	369,260	361,800
- Total customer deposits	393,856	376,973

	<u>31 Dec 2022</u> EUR million	<u>31 Dec 2021</u> EUR million
Pre-tax profit	10,490	8,240

Exchange rate:

EUR 1.00 = HKD 8.83990044 as at 31 Dec 2021

EUR 1.00 = HKD 8.25320426 as at 30 Jun 2022

EUR 1.00 = HKD 8.29940312 as at 31 Dec 2022