

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

**FINANCIAL DISCLOSURE STATEMENT
AS AT 30 JUNE 2016**

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**BANCO BILBAO VIZCAYA ARGENTARIA, S.A.
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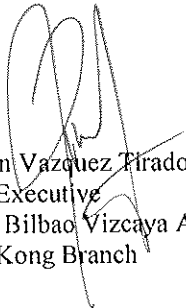
**FINANCIAL DISCLOSURE STATEMENT
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Chief Executive's Declaration

The financial disclosure statement as at 30 June 2016 is set out on page 3 to 16.

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.



Joaquin Vazquez Tirado
Chief Executive
Banco Bilbao Vizcaya Argentaria, S.A.
Hong Kong Branch

23 September 2016

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

	<u>30 Jun 2015</u> HKD'000	<u>30 Jun 2016</u> HKD'000
Interest Income	247,222	283,180
Interest Expenses	(146,635)	(168,893)
Other Operating Income:		
- Gains less losses arising from trading in foreign currencies	3,394	3,275
- Gains less losses on securities held for trading purposes	0	0
- Gains less losses from other trading activities	0	0
- Commission income	96,838	72,274
- Commission expense	0	0
- Others	(178)	0
Operating Expenses:		
- Staff and Rental Expenses	(128,905)	(109,684)
- Other Expenses	(13,837)	(14,644)
Impairment losses and provision for impaired loans and receivables	0	(97,022)
Profit/(Loss) from the disposal of equipment	0	(25)
Profit before taxation	57,899	(31,539)
Tax (Expense)/Income	0	0
Profit after Taxation	57,899	(31,539)

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BALANCE SHEET INFORMATION

	Note	<u>31 Dec 2015</u>	<u>30 Jun 2016</u>
		HKD'000	HKD'000
ASSETS			
Cash and balances with banks		49,002	47,603
Placements with banks maturing between 1 and 12 months		0	1,294
Amount due from overseas offices		14,037,913	20,116,146
Trade Bills		57,882	15,569
Loans and receivables	1	25,336,957	16,969,411
Investment securities		1,083,598	1,470,031
Plant and equipment		6,076	5,180
Total Assets		40,571,428	38,625,234
LIABILITIES			
Deposits and balances from banks		12,100,207	12,904,540
Deposits from customers:			
- Demand deposits and current accounts		128,936	345,776
- Time, call and notice deposits		1,417,349	2,596,912
Certificates of deposit issued		56,494	3,738,190
Amount due to overseas offices		26,658,698	18,871,937
Other liabilities		209,744	167,879
Total Liabilities		40,571,428	38,625,234

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ADDITIONAL BALANCE SHEET INFORMATION

	<u>31 Dec 2015</u> HKD'000	<u>30 Jun 2016</u> HKD'000
(1) Loans and receivables		
- Loans and advances to customers	24,766,089	16,777,286
- Loans and advances to banks	525,581	213,655
- Accrued interest and other accounts	45,287	75,432
 Provisions for impairment loans to customer		
- specific provisions	-	(96,962)
	-----	-----
	<u>25,336,957</u>	<u>16,969,411</u>
	=====	=====

*General provisions are booked at Head Office for Hong Kong Branch

Head Office general provision policy always follows the specification and regulations of Bank of Spain, in particular the Circular BdE 4/2004 – Annex IX and periodically updates.

	<u>31 Dec 2015</u> HKD'000	<u>30 Jun 2016</u> HKD'000
(2) Impaired Loans and Advances		
(a) Amount of impaired loans and advances to customers which are individually determined to be impaired	-	969,618
(b) Amount of specific provisions made for such loans and advances	-	96,962
(c) Value of collateral which has been taken into account in respect of such loans and advances to which the specific provisions relate	-	-
(d) Percentage of such loans and advances to total amount of loans and advances to customers	-	5.8%

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	<u>31 Dec 2015</u> HKD'000	<u>30 Jun 2016</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	11,480,327	3,317,663
- Wholesale and retail trade	665,281	671,918
- Manufacturing	137,308	130,769
- Transport and transport equipment	-	-
- Information Technology	304,866	258,672
- Others	77,508	191,642
Individuals:		
- Loans for the purchase of other residential properties	-	-
- Others	642	-
Trade finance	131,414	304,327
Loan for use outside Hong Kong	11,968,743	11,902,295
Total customers advances	<u>24,766,089</u>	<u>16,777,286</u>
Extent of customer loans covered by collateral or other security	<u>1.41%</u>	<u>2.00%</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 2015</u>		<u>30 Jun 2016</u>	
	<u>HKD</u> <u>in million</u>	<u>% of total</u> <u>advances to</u> <u>customers</u>	<u>HKD</u> <u>in million</u>	<u>% of total</u> <u>advances to</u> <u>customers</u>
Australia	3,665	14.8%	3,458	20.6%
Brazil	282	1.1%	214	1.3%
Hong Kong	13,516	54.6%	5,318	31.7%
India	470	1.9%	470	2.8%
Qatar	904	3.6%	879	5.2%
Peru	1,111	4.5%	1,482	8.8%
Spain	211	0.9%	207	1.2%
United Arab Emirates	468	1.9%	460	2.8%
Netherlands	1,023	4.1%	730	4.4%
USA	192	0.8%	576	3.4%
Others	2,924	11.8%	2,983	17.8%
	<u>-----</u> 24,766	<u>-----</u> 100%	<u>-----</u> 16,777	<u>-----</u> 100%
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

(b) Individually determined impaired advances to customers

	<u>31 Dec 2015</u> <u>HKD in million</u>	<u>30 Jun 2016</u> <u>HKD in million</u>
Australia	-	970
	<u>----</u>	<u>----</u>
	-	970
	<u>----</u>	<u>----</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 2015 (in HKD million)	Non-Bank private Sector					Total
	Banks	Official Sector	Non-Bank Financial Institutions	Non-Financial Private Sector	Others	
1. Developed Countries	45	-	-	3,311	-	3,356
of which Australia	7	-	-	2,903	-	2,910
of which U.S.A.	15	-	-	291	-	306
of which Spain	21	-	-	-	-	21
of which United Kingdom	-	-	-	9	-	9
2. Offshore Centre	-	-	-	11,055	-	11,055
of which Cayman Islands	-	-	-	530	-	530
of which Bermuda	-	-	-	209	-	209
of which British Virgin Islands	-	-	-	70	-	70
of which Panama	-	-	-	185	-	185
of which Singapore	-	-	-	259	-	259
of which Hong Kong	-	-	-	9,802	-	9,802
3. Developing Europe	8	-	-	-	-	8
4. Developing Latin America & Caribbean	3	-	-	75	-	78
of which Brazil	-	-	-	70	-	70
of which Peru	1	-	-	4	-	5
5. Developing Africa & Middle East	-	-	-	1,182	-	1,182
of which United Arab Emirates	-	-	-	470	-	470
of which Qatar	-	-	-	712	-	712
6. Developing Asia & Pacific	794	15	-	8,665	-	9,474
of which China	794	-	-	5,008	-	5,802
of which Indonesia	-	15	-	-	-	15
of which India	-	-	-	470	-	470
of which S. Korea	-	-	-	2,412	-	2,412
of which Chinese Taipei	-	-	-	775	-	775
7. International Organisations	-	-	-	-	-	-
8. Unallocated by Country	-	-	-	-	-	-

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<u>As at 30 Jun 2016 (in HKD million)</u>	Non-Bank private Sector					<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	31	-	-	3,709	-	3,740
of which Australia	9	-	-	2,989	-	2,998
of which U.S.A.	10	-	-	294	-	304
of which Spain	5	-	-	207	-	212
of which United Kingdom	4	-	-	109	-	113
2. Offshore Centre	-	-	-	3,289	-	3,289
of which Cayman Islands	-	-	-	925	-	925
of which Bermuda	-	-	-	242	-	242
of which British Virgin Islands	-	-	-	65	-	65
of which Panama	-	-	-	182	-	182
of which Singapore	-	-	-	262	-	262
of which Hong Kong	-	-	-	1,613	-	1,613
3. Developing Europe	-	-	-	-	-	-
4. Developing Latin America & Caribbean	2	-	-	67	-	69
of which Brazil	-	-	-	62	-	62
of which Peru	2	-	-	4	-	6
5. Developing Africa & Middle East	-	-	-	1,166	-	1,166
of which United Arab Emirates	-	-	-	463	-	463
of which Qatar	-	-	-	703	-	703
6. Developing Asia & Pacific	699	13	-	8,819	-	9,531
of which China	699	-	-	5,195	-	5,894
of which Indonesia	-	13	-	-	-	13
of which India	-	-	-	470	-	470
of which S. Korea	-	-	-	2,378	-	2,378
of which Chinese Taipei	-	-	-	776	-	776
7. International Organisations	-	-	-	-	-	-
8. Unallocated by Country	-	-	-	-	-	-

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

	31 Dec 2015		30 Jun 2016	
	<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 2015		30 Jun 2016	
	<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 2015

<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)	12,850	436	13,286
2. Local Government, local government-owned entities and their subsidiaries and JVs	621	-	621
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,398	1,133	2,531
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	14,869	1,569	16,438
Total assets after provision	40,571		
On-balance sheet exposures as percentage of total assets	36.65%		

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As at 30 Jun 2016

<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)	5,956	1,290	7,246
2. Local Government, local government-owned entities and their subsidiaries and JVs	478	-	478
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,102	1,133	2,235
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	7,536	2,423	9,959
Total assets after provision	38,625		
On-balance sheet exposures as percentage of total assets	19.51%		

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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 2015</u>										
	In HKD million										
	USD	GBP	JPY	EUR	CNY	CAD	CHF	AUD	SGD	OTHER	TOTAL
Spot assets	32,564	82	1	4,451	6	75	1	2,179	0	0	39,359
Spot liabilities	(31,702)	(82)	(0)	(4,451)	(276)	(1)	(0)	(2,234)	(27)	(0)	(38,773)
Forward purchases	4,213	1	48	0	421	0	0	56	42	177	4,958
Forward Sales	(5,067)	(0)	(48)	(0)	(152)	(74)	(0)	(0)	(15)	(177)	(5,533)
Net option position	0	0	0	0	0	0	0	0	0	0	0
Net long (short) position	8	1	1	0	(1)	0	1	1	0	0	11
Net structural position	0	0	0	0	0	0	0	0	0	0	0

	<u>As at 30 Jun 2016</u>										
	In HKD million										
	USD	GBP	JPY	EUR	CNY	CAD	CHF	AUD	SGD	OTHER	TOTAL
Spot assets	33,870	86	2	2,083	2	81	1	1,736	0	0	37,861
Spot liabilities	(32,490)	(86)	(0)	(2,073)	(90)	(9)	(0)	(1,734)	(28)	(0)	(36,510)
Forward purchases	2,537	0	76	0	162	0	0	0	43	350	3,168
Forward Sales	(3,904)	(0)	(76)	(10)	(76)	(71)	(0)	(0)	(15)	(350)	(4,502)
Net option position	0	0	0	0	0	0	0	0	0	0	0
Net long (short) position	13	0	2	0	(2)	1	1	2	0	0	17
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 2015</u> HKD'000	<u>30 Jun 2016</u> HKD'000
Contingent Liabilities and Commitments		
- Direct credit substitutes	2,469,674	2,567,299
- Trade related contingencies	7,759	28,064
- Other commitments	3,278,669	3,661,741
- Others	0	0
Derivatives		
- Exchange rate contracts	9,246,830	6,445,229
- Interest rate contract	8,474	0
Replacement cost of derivatives *		
- Exchange rate contracts	4,729	1,737
- Interest rate contract	8,475	0

*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>30 Jun 2015</u>	<u>30 Jun 2016</u>
Average liquidity maintenance ratio for the financial year (LMR)	60.53%	57.70%

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Liquidity Risk Management

BBVA Hong Kong Branch's liquidity policy 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, as well as Liquidity Management and Structural Risk Control teams in Head Office.

The branch manages its liquidity risk in accordance with procedures of Head Office Liquidity and Funding Risk Management and requirements of HKMA. This includes investing in highly liquid securities for quick and easy sale in case of crises, although the main source of liquidity for the branch, even during crises, would be Head Office.

On a daily basis, the Risk Department of the branch reviews the HKMA LMR ratio, sources of funding and other liquidity ratios. On a monthly basis, stress tests of the Branch's liquidity under crisis scenario are carried out and overall position of the Branch is analyzed within the ALCO Committee.

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:

http://shareholdersandinvestors.bbva.com/TLBB/fbinir/mult/RemunerationpolicyforBBVAdirectors_2015_tcm927-554636.pdf

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

	<u>31 Dec 2015</u> EUR million	<u>30 Jun 2016</u> EUR million
<u>CAPITAL AND CAPITAL ADEQUACY</u>		
Consolidated Capital Adequacy Ratio (combined Tier 1 and Tier 2)*	15.0%	15.7%
Aggregate amount of shareholders' funds	55,439	55,962
*An allowance for market risk has been incorporated in the above ratio which is computed in accordance with Bank for International Settlements (BIS).		

OTHER FINANCIAL INFORMATION

- Total assets	750,078	746,040
- Total liabilities	694,639	690,078
- Total loans and advances	432,855	433,268
- Total customer deposits	533,173	536,400

	<u>30 Jun 2015</u> EUR million	<u>30 Jun 2016</u> EUR million
Pre-tax profit	3,046	3,391

Exchange rate:

EUR 1.00 = HKD 8.6306 as at 30 Jun 2015
EUR 1.00 = HKD 8.4685 as at 31 Dec 2015
EUR 1.00 = HKD 8.6224 as at 30 Jun 2016