

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

**FINANCIAL DISCLOSURE STATEMENT
AS AT 30 JUNE 2019**

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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.

A handwritten signature in black ink, appearing to be 'P. Riquelme Turrent', written in a cursive style.

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

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INCOME STATEMENT

	<u>30 Jun 2018</u> HKD'000	<u>30 Jun 2019</u> HKD'000
Interest Income	347,797	526,026
Interest Expenses	(248,110)	(397,400)
Other Operating Income:		
- Gains less losses arising from trading in foreign currencies	2,648	722
- Gains less losses on securities held for trading purposes	0	0
- Gains less losses from other trading activities	0	0
- Commission income	112,298	72,570
- Commission expense	(2,317)	(2,307)
- Others	(1,340)	(549)
Operating Expenses:		
- Staff and Rental Expenses	(83,139)	(78,262)
- Other Expenses	(14,508)	(12,829)
Impairment losses and provision for impaired loans and receivables	(36,135)	39,624
Profit/(Loss) from the disposal of equipment	0	0
Profit before taxation	77,194	147,595
Tax (Expense)/Income	0	(17,536)
Profit after Taxation	77,194	130,059

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BALANCE SHEET INFORMATION

	Note	<u>31 Dec 2018</u>	<u>30 Jun 2019</u>
		HKD'000	HKD'000
ASSETS			
Cash and balances with banks		254,230	183,651
Placements with banks maturing between 1 and 12 months		-	-
Amount due from overseas offices		5,418,875	1,397,179
Trade Bills		15,419	16,570
Loans and receivables	1	22,949,928	26,260,653
Investment securities		2,408,239	1,993,589
Provision against value of other claims and investment		(269)	(313)
Plant and equipment		5,856	76,442
Total Assets		31,052,278	29,927,771
LIABILITIES			
Deposits and balances from banks		2,905,970	10,229
Deposits from customers:			
- Demand deposits and current accounts		991,202	680,791
- Time, call and notice deposits		844,592	784,305
Certificates of deposit issued		-	-
Amount due to overseas offices		26,024,130	28,090,771
Other liabilities		286,384	361,675
Total Liabilities		31,052,278	29,927,771

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ADDITIONAL BALANCE SHEET INFORMATION

	<u>31 Dec 2018</u> HKD'000	<u>30 Jun 2019</u> HKD'000
(1) Loans and receivables		
- Loans and advances to customers	22,952,687	26,209,089
- Loans and advances to banks	-	-
- Accrued interest and other accounts	108,279	122,568
Provisions for impairment loans to customer		
- collective provisions	(101,784)	(61,786)
- specific provisions	(9,254)	(9,218)
	-----	-----
	<u>22,949,928</u>	<u>26,260,653</u>

	<u>31 Dec 2018</u> HKD'000	<u>30 Jun 2019</u> HKD'000
(2) Impaired Loans and Advances		
(a) Amount of impaired loans and advances to customers which are individually determined to be impaired	226,990	204,622
(b) Amount of specific provisions made for such loans and advances	9,254	9,218
(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	1.0%	0.8%

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	<u>31 Dec 2018</u> HKD'000	<u>30 Jun 2019</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	5,829	1,956,764
- Manufacturing	1,924,348	1,400,794
- Transport and transport equipment	-	-
- Information Technology	-	-
- Others	1,566,330	1,562,639
Individuals:		
- Loans for the purchase of other residential properties	-	-
- Others	-	-
Trade finance	1,483,108	1,090,195
Loan for use outside Hong Kong	17,973,072	20,198,697
Total customers advances	<u>22,952,687</u>	<u>26,209,089</u>
Extent of customer loans covered by collateral or other security	<u>6.73%</u>	<u>6.26%</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 2018</u>		<u>30 Jun 2019</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	2,817	12.3%	2,408	9.2%
Brazil	682	3.0%	637	2.4%
Hong Kong	4,694	20.4%	6,793	25.9%
Qatar	1,365	5.9%	1,325	5.1%
Peru	1,578	6.9%	2,394	9.1%
United Arab Emirates	416	1.8%	404	1.6%
Netherlands	2,078	9.1%	2,042	7.8%
USA	1,795	7.8%	1,652	6.3%
Cayman Islands	196	0.9%	975	3.7%
Kuwait	3,471	15.1%	3,887	14.8%
Singapore	854	3.7%	123	0.5%
Mexico	783	3.4%	1,172	4.5%
Others	2,224	9.7%	2,397	9.1%
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	<u>22,953</u>	<u>100%</u>	<u>26,209</u>	<u>100%</u>
	=====	=====	=====	=====

(b) Individually determined impaired advances to customers

	<u>31 Dec 2018</u> HKD in million	<u>31 Jun 2019</u> HKD in million
Panama	227	205
	-----	-----
	<u>227</u>	<u>205</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 2018 (in HKD million)	Non-Bank private Sector					Total
	Banks	Official Sector	Non-Bank Financial Institutions	Non-Financial Private Sector	Others	
1. Developed Countries	193	-	-	5,563	-	5,756
of which Australia	12	-	-	2,677	-	2,689
of which U.S.A.	98	-	-	89	-	187
of which Spain	2	-	-	-	-	2
of which United Kingdom	78	-	-	385	-	463
of which Netherland	-	-	-	1,931	-	1,931
of which Japan	2	-	-	408	-	410
2. Offshore Centre	14	-	-	4,823	-	4,837
of which Cayman Islands	-	-	-	196	-	196
of which Panama	-	-	-	164	-	164
of which Singapore	-	-	-	854	-	854
of which Hong Kong	14	-	-	3,609	-	3,623
3. Developing Europe	-	-	-	-	-	-
4. Developing Latin America & Caribbean	4	1	-	77	-	82
of which Brazil	-	1	-	61	-	62
of which Peru	4	-	-	10	-	14
5. Developing Africa & Middle East	5	-	-	1,697	-	1,702
of which United Arab Emirates	-	-	-	422	-	422
of which Qatar	-	-	-	1,270	-	1,270
6. Developing Asia & Pacific	-	-	-	11,565	-	11,565
of which China	-	-	-	3,652	-	3,652
of which S. Korea	-	-	-	7,900	-	7,900
7. International Organizations	-	-	-	-	-	-
8. Unallocated by Country	-	-	-	-	-	-

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<u>As at 30 Jun 2019 (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	140	-	-	5,069	-	5,209
of which Australia	4	-	-	2,423	-	2,427
of which U.S.A.	129	-	-	60	-	189
of which Spain	1	-	-	1	-	2
of which United Kingdom	3	-	-	87	-	90
of which Netherland	-	-	-	1,915	-	1,915
of which Japan	2	-	-	358	-	360
2. Offshore Centre	680	-	-	4,029	-	4,709
of which Cayman Islands	-	-	-	-	-	-
of which Panama	-	-	-	115	-	115
of which Singapore	-	-	-	123	-	123
of which Hong Kong	680	-	-	3,791	-	4,471
3. Developing Europe	-	-	-	-	-	-
4. Developing Latin America & Caribbean	15	30	-	41	-	86
of which Brazil	-	27	-	27	-	54
of which Peru	15	-	-	11	-	26
5. Developing Africa & Middle East	-	-	-	1,674	-	1,674
of which United Arab Emirates	-	-	-	410	-	410
of which Qatar	-	-	-	1,246	-	1,246
6. Developing Asia & Pacific	-	-	-	15,280	-	15,280
of which China	-	-	-	6,009	-	6,009
of which S. Korea	-	-	-	8,924	-	8,924
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 2018</u>		<u>30 Jun 2019</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 2018</u>		<u>30 Jun 2019</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 2018

<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)	5,842	1816	7,658
2. Local Government, local government-owned entities and their subsidiaries and JVs	1,257	-	1,257
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	2,138	250	2,388
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	196	1,151	1,347
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	9,433	3,217	12,650
Total assets after provision	31,052		
On-balance sheet exposures as percentage of total assets	30.38%		

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As at 30 Jun 2019

<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)	8,134	1,301	9,435
2. Local Government, local government-owned entities and their subsidiaries and JVs	1,254	-	1,254
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	2,446	185	2,631
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	-	1,149	1,149
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	11,834	2,635	14,469
Total assets after provision	29,928		
On-balance sheet exposures as percentage of total assets	39.54%		

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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 2018</u>										Total
	In HKD million										
	USD	GBP	JPY	EUR	CNY	CAD	CHF	AUD	SGD	Others	
Spot assets	26,937	76	42	976	12	0	1	1,995	0	0	30,039
Spot liabilities	(26,827)	(77)	(1)	(978)	(14)	(0)	(0)	(1,921)	(5)	(0)	(29,823)
Forward purchases	217	0	0	2	144	0	0	8	5	0	376
Forward Sales	(281)	(0)	(40)	(0)	(144)	(0)	(0)	(0)	(0)	(0)	(465)
Net option position	0	0	0	0	0	0	0	0	0	0	0
Net long (short) position	46	(1)	1	0	(2)	0	1	82	0	0	127
Net structural position	0	0	0	0	0	0	0	0	0	0	0

	<u>As at 30 June 2019</u>										Total
	In HKD million										
	USD	GBP	JPY	EUR	CNY	CAD	CHF	AUD	SGD	Others	
Spot assets	26,212	3	29	875	15	0	1	1,619	0	0	28,754
Spot liabilities	(26,006)	(4)	(0)	(854)	(17)	(0)	(0)	(1,576)	(0)	(0)	(28,457)
Forward purchases	46	0	0	0	0	0	0	4	0	15	65
Forward Sales	(231)	(0)	(27)	(19)	(0)	(0)	(0)	(0)	(0)	(15)	(292)
Net option position	0	0	0	0	0	0	0	0	0	0	0
Net long (short) position	21	(1)	2	2	(2)	0	1	47	0	0	70
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 2018</u> HKD'000	<u>30 Jun 2019</u> HKD'000
Contingent Liabilities and Commitments		
- Direct credit substitutes	2,379,809	3,116,062
- Transaction-related contingent items	892,114	749,888
- Trade related contingencies	6,682	107,053
- Other commitments	4,532,336	3,199,737
- Others	0	0
Derivatives		
- Exchange rate contracts	487,811	294,574
- Interest rate contract	55,337	229,593
Replacement cost of derivatives *		
- Exchange rate contracts	479	583
- Interest rate contract	55,722	230,634

*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.

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LIQUIDITY INFORMATION DISCLOSURE

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>30 Jun 2018</u>	<u>Three Months</u> <u>ended</u> <u>30 Jun 2019</u>
Average liquidity maintenance ratio (LMR)	45.97%	50.56%

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

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>30 Dec 2018</u> EUR million	<u>30 Jun 2019</u> EUR million
<u>CAPITAL AND CAPITAL ADEQUACY</u>		
Consolidated Capital Adequacy Ratio*	15.7%	15.8%
Aggregate amount of shareholders' funds	52,874	54,690

*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	676,689	697,626
- Total liabilities	623,815	642,936
- Total loans and advances	386,225	389,306
- Total customer deposits	435,229	436,561

	<u>30 Jun 2018</u> EUR million	<u>30 Jun 2019</u> EUR million
Pre-tax profit	4,443	4,052

Exchange rate:

EUR 1.00 = HKD 9.136 as at 30 Jun 2018
EUR 1.00 = HKD 8.96019559 as at 31 Dec 2018
EUR 1.00 = HKD 8.88360524 as at 30 Jun 2019