

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

**FINANCIAL DISCLOSURE STATEMENT  
AS AT 30 JUNE 2015**

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

**FINANCIAL DISCLOSURE STATEMENT  
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**Chief Executive's Declaration**

The financial disclosure statement as at 30 June 2015 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.



Jennifer Cao  
Chief Executive  
Banco Bilbao Vizcaya Argentaria, S.A.  
Hong Kong Branch

22 September 2015

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

**FINANCIAL DISCLOSURE STATEMENT**  
**AS AT 30 JUNE 2015**

**INCOME STATEMENT**

|  | <u>30 Jun 2014</u><br>HKD'000 | <u>30 Jun 2015</u><br>HKD'000 |
|--|-------------------------------|-------------------------------|
| Interest Income  | 301,519                       | 247,222                       |
| Interest Expenses  | (210,816)                     | (146,635)                     |
| Other Operating Income   |                               |                               |
| - Gains less losses arising from trading in foreign currencies     | 147                           | 3,394                         |
| - Gains less losses on securities held for trading purposes        | 46                            | 0                             |
| - Gains less losses from other trading activities                  | 60                            | 0                             |
| - Commission income  | 120,586                       | 96,838                        |
| - Commission expense   | 0                             | 0                             |
| - Others   | 0                             | (178)                         |
| Operating Expenses:  |                               |                               |
| - Staff and Rental Expenses  | (119,419)                     | (128,905)                     |
| - Other Expenses   | (14,784)                      | (13,837)                      |
| Impairment losses and provision for impaired loans and receivables | 380                           | 0                             |
| Loss from the disposal of equipment                                | 0                             | 0                             |
| Profit before taxation   | 77,719                        | 57,899                        |
| Tax Expenses   | (12,648)                      | 0                             |
| Profit after Taxation  | 65,071                        | 57,899                        |

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**BALANCE SHEET INFORMATION**

|   | Note | <u>31 Dec 2014</u><br>HKD'000 | <u>30 Jun 2015</u><br>HKD'000 |
|---|------|-------------------------------|-------------------------------|
| <b>ASSETS</b>   |      |                               |                               |
| Cash and balances with banks                              |      | 139,965                       | 70,761                        |
| Placements with banks<br>maturing between 1 and 12 months |      | 0                             | 0                             |
| Amount due from overseas offices                          |      | 16,179,600                    | 15,424,790                    |
| Trade Bills   |      | 861,708                       | 619,375                       |
| Loans and receivables                                     | 1    | 19,843,305                    | 19,663,161                    |
| Investment securities                                     |      | 1,480,537                     | 1,477,646                     |
| Plant and equipment                                       |      | 8,804                         | 7,379                         |
| Total assets  |      | 38,513,919                    | 37,263,112                    |
| <b>LIABILITIES</b>  |      |                               |                               |
| Deposits and balances from banks                          |      | 12,700,441                    | 12,443,576                    |
| Deposits from customers:                                  |      |                               |                               |
| - Demand deposits and current accounts                    |      | 1,704,060                     | 109,820                       |
| - Time, call and notice deposits                          |      | 400,717                       | 2,185,164                     |
| Certificates of deposit Issued                            |      | 0                             | 89,122                        |
| Amount due to overseas offices                            |      | 23,473,888                    | 22,236,202                    |
| Other liabilities   |      | 234,813                       | 199,228                       |
| Total Liabilities   |      | 38,513,919                    | 37,263,112                    |

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**ADDITIONAL BALANCE SHEET INFORMATION**

|   | <u>31 Dec 2014</u><br>HKD'000 | <u>30 Jun 2015</u><br>HKD'000 |
|---|-------------------------------|-------------------------------|
| (1) Loans and receivables                   |                               |                               |
| - Loans and advances to customers           | 18,408,656                    | 19,290,231                    |
| - Loans and advances to banks               | 1,372,272                     | 309,397                       |
| - Accrued interest and other accounts       | 62,377                        | 63,533                        |
| Provisions for impairment loans to customer |                               |                               |
| - specific provisions                       | -                             | -                             |
|   | -----<br>19,843,305<br>=====  | -----<br>19,663,161<br>=====  |

\*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.

| (2) Impaired Loans and Advances   | <u>31 Dec 2014</u><br>HKD'000 | <u>30 Jun 2015</u><br>HKD'000 |
|---|-------------------------------|-------------------------------|
| (a) Amount of impaired loans and advances to customers which are individually determined to be impaired                                 | -                             | -                             |
| (b) Amount of specific provisions made for such loans and advances  | -                             | -                             |
| (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  | -                             | -                             |

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|  | <u>31 Dec 2014</u><br>HKD'000 | <u>30 Jun 2015</u><br>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   | 1,930,084                     | 4,536,076                     |
| - Wholesale and retail trade                                     | 769,070                       | 882,280                       |
| - Manufacturing  | 250,000                       | 195,000                       |
| - Transport and transport equipment                              | -                             | -                             |
| - Electricity and gas  | 1,629,227                     | 77,523                        |
| - Others   | -                             | -                             |
| Individuals  |                               |                               |
| - Loans for the purchase of other residential properties         | -                             | -                             |
| - Others   | 1,242                         | 642                           |
| Trade finance  | 1,831,729                     | 1,867,935                     |
| Loan for use outside Hong Kong                                   | 11,997,304                    | 11,730,775                    |
| Total customers advances   | <u>18,408,656</u>             | <u>19,290,231</u>             |
|  |                               |                               |
| Extent of customer loans covered by collateral or other security | <u>2.10%</u>                  | <u>1.92%</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 2014</u><br>HKD in million | %of total<br>advances to<br>customers | <u>30 Jun 2015</u><br>HKD in million | %of total<br>advances to<br>customers |
|----------------------|--------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|
| Australia            | 3,674                                | 20.0%                                 | 3,738                                | 19.4%                                 |
| Brazil               | 316                                  | 1.7%                                  | 299                                  | 1.6%                                  |
| Hong Kong            | 6,322                                | 34.3%                                 | 7,404                                | 38.4%                                 |
| India                | 470                                  | 2.6%                                  | 470                                  | 2.4%                                  |
| Qatar                | 955                                  | 5.2%                                  | 929                                  | 4.8%                                  |
| Peru                 | 2,624                                | 14.2%                                 | 1,906                                | 9.9%                                  |
| Spain                | 520                                  | 2.8%                                  | 365                                  | 1.9%                                  |
| United Arab Emirates | 1,159                                | 6.3%                                  | 1,129                                | 5.8%                                  |
| Netherlands          | 748                                  | 4.1%                                  | 691                                  | 3.6%                                  |
| Others               | 1,621                                | 8.8%                                  | 2,359                                | 12.2%                                 |
|                      | -----<br>18,409                      | -----<br>100%                         | -----<br>19,290                      | -----<br>100%                         |
|                      | =====                                | =====                                 | =====                                | =====                                 |

(b) Individually determined impaired advances to customers

|              | <u>31 Dec 2014</u><br>HKD in million | <u>30 Jun 2015</u><br>HKD in million |
|--------------|--------------------------------------|--------------------------------------|
| By countries | -                                    | -                                    |
|              | ----                                 | ----                                 |
|              | -                                    | -                                    |
|              | ==                                   | ==                                   |

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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).

Comparative information for December 2014 is different and not directly comparable due to the adoption of different reporting basis in June 2015 in line with new disclosure standards.

As at 31 Dec 2014 (in HKD million)

|                                    | <u>Banks</u> | <u>Public sector<br/>entities</u> | <u>Others</u> | <u>Total</u> |
|------------------------------------|--------------|-----------------------------------|---------------|--------------|
| Asia Pacific (excluding Hong Kong) | 2,541        | 17                                | 10,410        | 12,968       |
| of which Australia                 | 31           | -                                 | 2,909         | 2,940        |
| of which China                     | 2,508        | -                                 | 3,659         | 6,167        |
| of which S. Korea                  | -            | -                                 | 1,820         | 1,820        |
| of which India                     | -            | -                                 | 470           | 470          |
| of which Japan                     | 1            | -                                 | -             | 1            |
| Western Europe                     | 57           | -                                 | 102           | 159          |
| of which Italy                     | 10           | -                                 | -             | 10           |
| of which Spain                     | 11           | -                                 | 82            | 93           |
| of which France                    | 8            | -                                 | -             | 8            |
| Latin America                      | 41           | -                                 | 81            | 122          |
| North America                      | 19           | -                                 | 292           | 311          |
| Caribbean                          | -            | -                                 | 1,899         | 1,899        |
| Middle East                        | -            | -                                 | 1,892         | 1,892        |



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| As at 30 Jun 2015 (in HKD million)      | Non-Bank private Sector |                 |                                 |                              |        | Total |
|---|-------------------------|-----------------|---------------------------------|------------------------------|--------|-------|
|   | Banks                   | Official Sector | Non-Bank Financial Institutions | Non-Financial Private Sector | Others |       |
| 1. Developed Countries                  | 74                      | -               | -                               | 3,319                        | -      | 3,393 |
| of which Australia                      | 16                      | -               | -                               | 2,980                        | -      | 2,996 |
| of which U.S.A.                         | 43                      | -               | -                               | 293                          | -      | 336   |
| of which Spain                          | 8                       | -               | -                               | 30                           | -      | 38    |
| of which United Kingdom                 | 1                       | -               | -                               | 14                           | -      | 15    |
| 2. Offshore Centre                      | -                       | -               | -                               | 2,588                        | -      | 2,588 |
| of which Cayman Islands                 | -                       | -               | -                               | 538                          | -      | 538   |
| of which Bermuda                        | -                       | -               | -                               | 394                          | -      | 394   |
| of which British Virgin Islands         | -                       | -               | -                               | 86                           | -      | 86    |
| of which Panama                         | -                       | -               | -                               | 189                          | -      | 189   |
| of which Singapore                      | -                       | -               | -                               | 262                          | -      | 262   |
| of which Hong Kong                      | -                       | -               | -                               | 1,118                        | -      | 1,118 |
| 3. Developing Europe                    | -                       | -               | -                               | -                            | -      | -     |
| 4. Developing Latin America & Caribbean | -                       | -               | -                               | 79                           | -      | 79    |
| of which Brazil                         | -                       | -               | -                               | 75                           | -      | 75    |
| of which Peru                           | -                       | -               | -                               | 4                            | -      | 4     |
| 5. Developing Africa & Middle East      | -                       | -               | -                               | 1,852                        | -      | 1,852 |
| of which United Arab Emirates           | -                       | -               | -                               | 1,131                        | -      | 1,131 |
| of which Qatar                          | -                       | -               | -                               | 721                          | -      | 721   |
| 6. Developing Asia & Pacific            | 977                     | 17              | -                               | 8,305                        | -      | 9,299 |
| of which China                          | 977                     | -               | -                               | 5,357                        | -      | 6,334 |
| of which Indonesia                      | -                       | 17              | -                               | -                            | -      | 17    |
| of which India                          | -                       | -               | -                               | 470                          | -      | 470   |
| of which S. Korea                       | -                       | -               | -                               | 1,703                        | -      | 1,703 |
| of which Chinese Taipei                 | -                       | -               | -                               | 775                          | -      | 775   |
| 7. International Organisations          | -                       | -               | -                               | -                            | -      | -     |
| 8. Unallocated by Country               | -                       | -               | -                               | -                            | -      | -     |

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

|                                   | <u>31 Dec 2014</u><br>HKD'000 | %of total<br>advances to<br>customers | <u>30 Jun 2015</u><br>HKD'000 | %of total<br>advances to<br>customers |
|-----------------------------------|-------------------------------|---------------------------------------|-------------------------------|---------------------------------------|
| 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:         |                               |                                       |                               |                                       |
| - 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 2014

| <u>Types of Counterparties</u>   | <u>On-balance<br/>sheet exposure<br/>HKD million</u> | <u>Off-balance<br/>sheet exposure<br/>HKD million</u> | <u>Total Exposure<br/>HKD million</u> |
|--|--|---|---------------------------------------|
| 1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)   | 8,249  | 121   | 8,370                                 |
| 2. Local Government, local government-owned entities and their subsidiaries and JVs  | 150  | -   | 150                                   |
| 3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs                            | -  | -   | -                                     |
| 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 | 410  | 1,032   | 1,442                                 |
| 7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures                        | 194  | 128   | 322                                   |
| Total  | 9,003  | 1,281   | 10,284                                |
| Total assets after provision   | 38,514   |   |                                       |
| On-balance sheet exposures as percentage of total assets   | 23.38%   |   |                                       |

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As at 30 Jun 2015

| <u>Types of Counterparties</u>   | <u>On-balance<br/>sheet exposure<br/>HKD million</u> | <u>Off-balance<br/>sheet exposure<br/>HKD million</u> | <u>Total Exposure<br/>HKD million</u> |
|--|--|---|---------------------------------------|
| 1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)   | 7,063  | 148   | 7,211                                 |
| 2. Local Government, local government-owned entities and their subsidiaries and JVs  | 180  | 101   | 281                                   |
| 3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs                            | 1,306  | 1,988   | 3,294                                 |
| 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  | 8,549  | 2,237   | 10,786                                |
| Total assets after provision   | 37,263   |   |                                       |
| On-balance sheet exposures as percentage of total assets   | 22.94%   |   |                                       |

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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 2014</u> |         |         |       |       |       |      |     |      |
|---------------------------|--------------------------|---------|---------|-------|-------|-------|------|-----|------|
|                           | In HKD million           |         |         |       |       |       |      |     |      |
|                           | USD                      | EUR     | AUD     | GBP   | CNY   | CAD   | SGD  | CLP | MXN  |
| Spot assets               | 32,735                   | 1,343   | 2,337   | 139   | 157   | 78    | 28   | 0   | 0    |
| Spot liabilities          | (33,416)                 | (1,323) | (2,334) | (139) | (251) | (1)   | (28) | (0) | (0)  |
| Forward purchases         | 10,047                   | 0       | 33      | 0     | 249   | 60    | 0    | 0   | 22   |
| Forward Sales             | (9,348)                  | (20)    | (36)    | (0)   | (156) | (135) | (0)  | (0) | (22) |
| Net option position       | 0                        | 0       | 0       | 0     | 0     | 0     | 0    | 0   | 0    |
| Net long (short) position | 18                       | 0       | 0       | 0     | (1)   | 2     | 0    | 0   | 0    |
| Net structural position   | 0                        | 0       | 0       | 0     | 0     | 0     | 0    | 0   | 0    |

|                           | <u>As at 30 Jun 2015</u> |         |         |       |       |      |      |      |      |
|---------------------------|--------------------------|---------|---------|-------|-------|------|------|------|------|
|                           | In HKD million           |         |         |       |       |      |      |      |      |
|                           | USD                      | EUR     | AUD     | GBP   | CNY   | CAD  | SGD  | CLP  | MXN  |
| Spot assets               | 30,515                   | 2,489   | 2,346   | 118   | 111   | 85   | 0    | 0    | 0    |
| Spot liabilities          | (29,682)                 | (2,488) | (2,433) | (118) | (702) | (1)  | (28) | (0)  | (0)  |
| Forward purchases         | 7,810                    | 0       | 88      | 0     | 823   | 0    | 28   | 15   | 30   |
| Forward Sales             | (8,635)                  | (0)     | (0)     | (0)   | (233) | (83) | (0)  | (15) | (30) |
| Net option position       | 0                        | 0       | 0       | 0     | 0     | 0    | 0    | 0    | 0    |
| Net long (short) position | 8                        | 1       | 1       | 0     | (1)   | 1    | 0    | 0    | 0    |
| Net structural position   | 0                        | 0       | 0       | 0     | 0     | 0    | 0    | 0    | 0    |

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**OFF BALANCE SHEET EXPOSURES**

|  | <u>31 Dec 2014</u><br>HKD'000 | <u>30 Jun 2015</u><br>HKD'000 |
|--|-------------------------------|-------------------------------|
| Contingent Liabilities and Commitments |                               |                               |
| - Direct credit substitutes            | 2,368,816                     | 2,384,525                     |
| - Trade related contingencies          | 27,405                        | 825,614                       |
| - Other commitments                    | 4,462,911                     | 3,564,508                     |
| - Others                               | 0                             | 17,824                        |
| Derivatives                            |                               |                               |
| - Exchange rate contracts              | 19,297,229                    | 16,376,516                    |
| - Interest rate contract               | 0                             | 0                             |
| Replacement cost of derivatives *      |                               |                               |
| - Exchange rate contracts              | 4,119                         | 2,581                         |
| - Interest rate contract               | 0                             | 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 ratio for the financial year (LR) | <u>30 Jun 2014</u> |
|   | 55.44%             |

Average liquidity ratio (LR) is calculated as the simple average of each month's average liquidity ratio for the financial year computed in accordance with the Fourth Schedule to the Banking Ordinance.

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

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.

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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\\_tcm927-510390.pdf](http://shareholdersandinvestors.bbva.com/TLBB/fbinir/mult/RemunerationpolicyforBBVAdirectors_tcm927-510390.pdf)

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

|   | <u>31 Dec 2014</u><br>EUR million | <u>30 Jun 2015</u><br>EUR million |
|---|-----------------------------------|-----------------------------------|
| <b><u>CAPITAL AND CAPITAL ADEQUACY</u></b>  |                                   |                                   |
| Consolidated Capital Adequacy Ratio (combined Tier 1 and Tier 2)*   | 15.1%                             | 15.5%                             |
| Aggregate amount of shareholders' funds   | 51,609                            | 50,997                            |
| *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             | 651,511 | 689,071 |
| - Total liabilities        | 599,902 | 638,074 |
| - Total loans and advances | 366,536 | 393,158 |
| - Total customer deposits  | 445,960 | 491,695 |

|                | <u>30 Jun 2014</u><br>EUR million | <u>30 Jun 2015</u><br>EUR million |
|----------------|-----------------------------------|-----------------------------------|
| Pre-tax profit | 2,109                             | 3,046                             |

Exchange rate:

EUR 1.00 = HKD 10.5573 as at 30 Jun 2014

EUR 1.00 = HKD 9.434 as at 31 Dec 2014

EUR 1.00 = HKD 8.6306 as at 30 Jun 2015