

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

**FINANCIAL DISCLOSURE STATEMENT
AS AT 31 DECEMBER 2015**

CONTENTS

	Page
Chief Executive's Declaration	2
Profit and Loss Information	3
Balance Sheet Information	4
Additional Balance Sheet Information	5-13
Off Balance Sheet and Liquidity Ratio	14-15
Consolidated Financial Information for Banco Bilbao Vizcaya Argentaria, S.A.	16

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

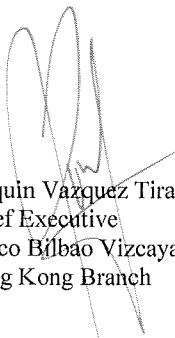
**FINANCIAL DISCLOSURE STATEMENT
AS AT 31 DECEMBER 2015**

Chief Executive's Declaration

The financial disclosure statement as at 31 December 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.



Joaquín Vázquez Tirado
Chief Executive
Banco Bilbao Vizcaya Argentaria, S.A.
Hong Kong Branch

23 March 2016

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

**FINANCIAL DISCLOSURE STATEMENT
AS AT 31 DECEMBER 2015**

INCOME STATEMENT

	<u>31 Dec 2014</u> HKD'000	<u>31 Dec 2015</u> HKD'000
Interest Income	602,466	489,222
Interest Expenses	(400,103)	(287,703)
Other Operating Income:		
- Gains less losses arising from trading in foreign currencies	(111)	6,353
- Gains less losses on securities held for trading purposes	47	0
- Gains less losses from other trading activities	60	0
- Commission income	208,547	185,511
- Commission expense	0	0
- Others	0	(178)
Operating Expenses:		
- Staff and Rental Expenses	(241,869)	(247,420)
- Other Expenses	(30,882)	(28,043)
Impairment losses and provision for impaired loans and receivables	445	0
Profit/(Loss) from the disposal of equipment	68	(2)
Profit before taxation	138,668	117,740
Tax (Expense)/Income	(51,135)	0
Profit after Taxation	87,533	117,740

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

**FINANCIAL DISCLOSURE STATEMENT
AS AT 31 DECEMBER 2015**

BALANCE SHEET INFORMATION

	Note	<u>30 Jun 2015</u> HKD'000	<u>31 Dec 2015</u> HKD'000
ASSETS			
Cash and balances with banks		70,761	49,002
Placements with banks maturing between 1 and 12 months		0	0
Amount due from overseas offices		15,424,790	14,037,913
Trade Bills		619,375	57,882
Loans and receivables	1	19,663,161	25,336,957
Investment securities		1,477,646	1,083,598
Plant and equipment		7,379	6,076
Total Assets		37,263,112	40,571,428
LIABILITIES			
Deposits and balances from banks		12,443,576	12,100,207
Deposits from customers:			
- Demand deposits and current accounts		109,820	128,936
- Time, call and notice deposits		2,185,164	1,417,349
Certificates of deposit issued		89,122	56,494
Amount due to overseas offices		22,236,202	26,658,698
Other liabilities		199,228	209,744
Total Liabilities		37,263,112	40,571,428

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

**FINANCIAL DISCLOSURE STATEMENT
AS AT 31 DECEMBER 2015**

ADDITIONAL BALANCE SHEET INFORMATION

	<u>30 Jun 2015</u> HKD'000	<u>31 Dec 2015</u> HKD'000
(1) Loans and receivables		
- Loans and advances to customers	19,290,231	24,766,089
- Loans and advances to banks	309,397	525,581
- Accrued interest and other accounts	63,533	45,287
 Provisions for impairment loans to customer		
- specific provisions	-	-
	-----	-----
	<u>19,663,161</u>	<u>25,336,957</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>30 Jun 2015</u> HKD'000	<u>31 Dec 2015</u> HKD'000
(2) Impaired Loans and Advances		
(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	-	-

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

**FINANCIAL DISCLOSURE STATEMENT
AS AT 31 DECEMBER 2015**

	<u>30 Jun 2015</u> HKD'000	<u>31 Dec 2015</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	4,536,076	11,480,327
- Wholesale and retail trade	882,280	665,281
- Manufacturing	195,000	137,308
- Transport and transport equipment	-	-
- Information Technology	-	304,866
- Others	77,523	77,508
Individuals:		
- Loans for the purchase of other residential properties	-	-
- Others	642	642
Trade finance	1,867,935	131,414
Loan for use outside Hong Kong	11,730,775	11,968,743
Total customers advances	<u>19,290,231</u>	<u>24,766,089</u>
Extent of customer loans covered by collateral or other security	<u>1.92%</u>	<u>1.41%</u>

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

**FINANCIAL DISCLOSURE STATEMENT
AS AT 31 DECEMBER 2015**

(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

	30 Jun 2015		31 Dec 2015	
	HKD in million	% of total advances to customers	HKD in million	% of total advances to customers
Australia	3,738	19.4%	3,665	14.8%
Brazil	299	1.6%	282	1.1%
Hong Kong	7,404	38.4%	13,516	54.6%
India	470	2.4%	470	1.9%
Qatar	929	4.8%	904	3.6%
Peru	1,906	9.9%	1,111	4.5%
Spain	365	1.9%	211	0.9%
United Arab Emirates	1,129	5.8%	468	1.9%
Netherlands	691	3.6%	1,023	4.1%
Others	2,359	12.2%	3,116	12.6%
	-----	-----	-----	-----
	19,290	100%	24,766	100%
	=====	=====	=====	=====

(b) Individually determined impaired advances to customers

	30 Jun 2015 HKD in million	31 Dec 2015 HKD in million
By countries	-	-
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	-	-
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**BANCO BILBAO VIZCAYA ARGENTARIA, S.A.
HONG KONG BRANCH**

**FINANCIAL DISCLOSURE STATEMENT
AS AT 31 DECEMBER 2015**

(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 30 Jun 2015 (in HKD million)	Non-Bank private Sector				Others	Total
	Banks	Official Sector	Non-Bank Financial Institutions	Non-Financial Private Sector		
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	-	-	-	-	-	-

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

**FINANCIAL DISCLOSURE STATEMENT
AS AT 31 DECEMBER 2015**

As at 31 Dec 2015 (in HKD million)	Banks	Official Sector	Non-Bank private Sector			Total
			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	-	-	-	-	-	-

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

**FINANCIAL DISCLOSURE STATEMENT
AS AT 31 DECEMBER 2015**

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

	<u>30 Jun 2015</u>		<u>31 Dec 2015</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>30 Jun 2015</u>		<u>31 Dec 2015</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	-	-	-	-

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

**FINANCIAL DISCLOSURE STATEMENT
AS AT 31 DECEMBER 2015**

(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 30 Jun 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)	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%		

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

**FINANCIAL DISCLOSURE STATEMENT
AS AT 31 DECEMBER 2015**

<u>As at 31 Dec 2015</u>			
<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%		

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

FINANCIAL DISCLOSURE STATEMENT
AS AT 31 DECEMBER 2015

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

	<u>As at 31 Dec 2015</u>												
	In HKD million												
	USD	EUR	AUD	GBP	CNY	CAD	SGD	CLP	MXN	JPY	TWD	THB	MYR
Spot assets	32,564	4,451	2,179	82	6	75	0	0	0	1	0	0	0
Spot liabilities	(31,702)	(4,451)	(2,234)	(82)	(276)	(1)	(27)	(0)	(0)	(0)	(0)	(0)	(0)
Forward purchases	4,213	0	56	1	421	0	42	0	0	48	77	46	54
Forward Sales	(5,067)	(0)	(0)	(0)	(152)	(74)	(15)	(0)	(0)	(48)	(77)	(46)	(54)
Net option position	0	0	0	0	0	0	0	0	0	0	0	0	0
Net long (short) position	8	0	1	1	(1)	0	0	0	0	1	0	0	0
Net structural position	0	0	0	0	0	0	0	0	0	0	0	0	0

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

**FINANCIAL DISCLOSURE STATEMENT
AS AT 31 DECEMBER 2015**

OFF BALANCE SHEET EXPOSURES

	<u>30 Jun 2015</u> HKD'000	<u>31 Dec 2015</u> HKD'000
Contingent Liabilities and Commitments		
- Direct credit substitutes	2,384,525	2,469,674
- Trade related contingencies	825,614	7,759
- Other commitments	3,564,508	3,278,669
- Others	17,824	0
Derivatives		
- Exchange rate contracts	16,376,516	9,246,830
- Interest rate contract	0	8,474
Replacement cost of derivatives *		
- Exchange rate contracts	2,581	4,729
- Interest rate contract	0	8,475

*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>31 Dec 2014</u>
	70.19%

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>31 Dec 2015</u>
	60.72%

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.

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

**FINANCIAL DISCLOSURE STATEMENT
AS AT 31 DECEMBER 2015**

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

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

**FINANCIAL DISCLOSURE STATEMENT
AS AT 31 DECEMBER 2015**

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

	<u>30 Jun 2015</u> EUR million	<u>31 Dec 2015</u> EUR million
<u>CAPITAL AND CAPITAL ADEQUACY</u>		
Consolidated Capital Adequacy Ratio (combined Tier 1 and Tier 2)*	15.5%	15.0%
Aggregate amount of shareholders' funds	50,997	55,439
*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	689,071	750,078
- Total liabilities	638,074	694,639
- Total loans and advances	393,158	432,855
- Total customer deposits	491,695	533,173
	<u>31 Dec 2014</u> EUR million	<u>31 Dec 2015</u> EUR million
Pre-tax profit	4,063	5,879

Exchange rate:

EUR 1.00 = HKD 9.434 as at 31 Dec 2014
EUR 1.00 = HKD 8.6306 as at 30 Jun 2015
EUR 1.00 = HKD 8.4685 as at 31 Dec 2015