

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

**FINANCIAL DISCLOSURE STATEMENT  
AS AT 31 DECEMBER 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 over a horizontal line.

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

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**INCOME STATEMENT**

	<u>31 Dec 2019</u> HKD'000	<u>31 Dec 2018</u> HKD'000
Interest Income	1,004,224	787,841
Interest Expenses	(737,594)	(562,922)
Other Operating Income:		
- Gains less losses arising from trading in foreign currencies	925	3,606
- Gains less losses on securities held for trading purposes	0	0
- Gains less losses from other trading activities	0	0
- Commission income	176,355	171,679
- Commission expense	(4,192)	(5,564)
- Others	(549)	(2,137)
Operating Expenses:		
- Staff and Rental Expenses	(158,512)	(174,972)
- Other Expenses	(28,142)	(31,052)
Impairment losses and provision for impaired loans and receivables	87,397	(71,563)
Profit/(Loss) from the disposal of equipment	0	0
Profit before taxation	339,912	114,916
Tax (Expense)/Income	(41,393)	(11,681)
Profit after Taxation	298,519	103,235

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**BALANCE SHEET INFORMATION**

	Note	<u>31 Dec 2019</u>	<u>30 Jun 2019</u>
		HKD'000	HKD'000
<b>ASSETS</b>			
Cash and balances with banks		117,343	183,651
Placements with banks maturing between 1 and 12 months		-	-
Amount due from overseas offices		4,975,394	1,397,179
Trade Bills		408	16,570
Loans and receivables	1	29,482,535	26,260,653
Investment securities		1,769,741	1,993,589
Provision against value of other claims and investment		(349)	(313)
Plant and equipment		66,732	76,442
Total Assets		36,411,804	29,927,771
<b>LIABILITIES</b>			
Deposits and balances from banks		2,571,355	10,229
Deposits from customers:			
- Demand deposits and current accounts		660,271	680,791
- Time, call and notice deposits		582,013	784,305
Certificates of deposit issued		-	-
Amount due to overseas offices		32,143,846	28,090,771
Other liabilities		454,319	361,675
Total Liabilities		36,411,804	29,927,771

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**ADDITIONAL BALANCE SHEET INFORMATION**

	<u>31 Dec 2019</u> HKD'000	<u>30 Jun 2019</u> HKD'000
(1) Loans and receivables		
- Loans and advances to customers	29,402,665	26,209,089
- Loans and advances to banks	-	-
- Accrued interest and other accounts	103,196	122,568
Provisions for impairment loans to customer		
- collective provisions	(13,615)	(61,786)
- specific provisions	(9,711)	(9,218)
	----- 29,482,535 =====	----- 26,260,653 =====

	<u>31 Dec 2019</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	181,787	204,622
(b) Amount of specific provisions made for such loans and advances	9,711	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	160,466	179,096
(d) Percentage of such loans and advances to total amount of loans and advances to customers	0.6%	0.8%

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	<u>31 Dec 2019</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	-	1,956,764
- Manufacturing	1,314,821	1,400,794
- Transport and transport equipment	-	-
- Information Technology	-	-
- Others	2,803,457	1,562,639
Individuals:		
- Loans for the purchase of other residential properties	-	-
- Others	-	-
Trade finance	2,546,440	1,090,195
Loan for use outside Hong Kong	22,737,947	20,198,697
Total customers advances	<u>29,402,665</u>	<u>26,209,089</u>
Extent of customer loans covered by collateral or other security	<u>25.04%</u>	<u>27.95%</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 2019</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	3,203	10.9%	2,408	9.2%
Brazil	619	2.1%	637	2.4%
Hong Kong	5,871	20.0%	6,793	25.9%
Qatar	1,282	4.4%	1,325	5.1%
Peru	3,196	10.9%	2,394	9.1%
United Arab Emirates	391	1.3%	404	1.6%
Netherlands	1,986	6.7%	2,042	7.8%
USA	1,850	6.3%	1,652	6.3%
Cayman Islands	941	3.2%	975	3.7%
Kuwait	3,741	12.7%	3,887	14.8%
Singapore	1,017	3.5%	123	0.5%
Mexico	1,791	6.1%	1,172	4.5%
Luxembourg	1,307	4.4%	-	-
Others	2,208	7.5%	2,397	9.1%
	-----	-----	-----	-----
	<u>29,403</u>	<u>100%</u>	<u>26,209</u>	<u>100%</u>
	=====	=====	=====	=====

(b) Individually determined impaired advances to customers

	<u>31 Dec 2019</u> HKD in million	<u>30 Jun 2019</u> HKD in million
Panama	182	205
	-----	-----
	<u>182</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).

<u>As at 31 Dec 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	36	-	-	5,460	-	5,496
of which Australia	5	-	-	2,670	-	2,675
of which U.S.A.	25	-	-	577	-	602
of which Spain	-	-	-	1	-	1
of which United Kingdom	3	-	-	-	-	3
of which Netherland	-	-	-	1,876	-	1,876
of which Japan	2	-	-	320	-	322
2. Offshore Centre	38	-	-	4,422	-	4,460
of which Cayman Islands	-	-	-	1,307	-	1,307
of which Panama	-	-	-	110	-	110
of which Singapore	-	-	-	1,017	-	1,017
of which Mauritius	-	-	-	391	-	391
of which Hong Kong	38	-	-	1,597	-	1,635
3. Developing Europe	-	-	-	-	-	-
4. Developing Latin America & Caribbean	-	16	-	47	-	63
of which Brazil	-	13	-	35	-	48
of which Peru	-	-	-	8	-	8
5. Developing Africa & Middle East	-	-	-	1,631	-	1,631
of which United Arab Emirates	-	-	-	396	-	396
of which Qatar	-	-	-	1,220	-	1,220
6. Developing Asia & Pacific	156	-	-	17,362	-	17,518
of which China	156	-	-	7,834	-	7,990
of which S. Korea	-	-	-	9,168	-	9,168
7. International Organizations	-	-	-	-	-	-
8. Unallocated by Country	-	-	-	-	-	-



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<u>As at 30 Jun 2019 (in HKD million)</u>	<u>Non-Bank private Sector</u>					<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 Mauritius	-	-	-	-	-	-
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 2019</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 2019</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 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)	9,079	1,343	10,422
2. Local Government, local government-owned entities and their subsidiaries and JVs	1,249	-	1,249
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	2,108	2,910	5,018
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	-	584	584
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	12,436	4,837	17,273
Total assets after provision	36,412		
On-balance sheet exposures as percentage of total assets	34.15%		

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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 2019</u> In HKD million										
	USD	GBP	JPY	EUR	CNY	CAD	CHF	AUD	SGD	OTHER	TOTAL
Spot assets	30,818	3	15	2,143	36	0	1	1,904	0	0	34,920
Spot liabilities	(30,340)	(4)	(0)	(2,139)	(40)	(0)	(0)	(1,906)	(0)	(0)	(34,429)
Forward purchases	37	0	0	0	0	0	0	4	0	24	65
Forward Sales	(491)	(0)	(13)	(0)	(0)	(0)	(0)	(0)	(0)	(24)	(528)
Net option position	0	0	0	0	0	0	0	0	0	0	0
Net long (short) position	24	(1)	2	4	(4)	0	1	2	0	0	28
Net structural position	0	0	0	0	0	0	0	0	0	0	0

	<u>As at 30 Jun 2019</u> In HKD million										
	USD	GBP	JPY	EUR	CNY	CAD	CHF	AUD	SGD	OTHER	TOTAL
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 2019</u> HKD'000	<u>30 Jun 2019</u> HKD'000
Contingent Liabilities and Commitments		
- Direct credit substitutes	3,100,750	3,116,062
- Transaction-related contingent items	703,105	749,888
- Trade related contingencies	49,914	107,053
- Other commitments	6,812,946	3,199,737
- Others	0	0
Derivatives		
- Exchange rate contracts	528,961	294,574
- Interest rate contract	0	229,593
Replacement cost of derivatives *		
- Exchange rate contracts	249	583
- Interest rate contract	0	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.

**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 2019</u>	<u>Three Months</u> <u>ended</u> <u>31 Dec 2018</u>
Average liquidity maintenance ratio (LMR)	52.54%	48.28%

This information is available at the Bank's website:-  
<https://www.bbvacib.com/en/sobre-bbva-cib/duo-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 (who is the Hong Kong Branch manager too), with committee members comprised of Asia Senior Management based in Hong Kong which includes all the business lines and main support units, 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 highest 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 USD4.5Bio 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 2019

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	36,437	5,714	1,345	642	999	2,066	5,356	3,500	2,399	5,079	9,263	74
Total off-balance sheet claims	7,034	7,034	0	0	0	0	0	0	0	0	0	0
Total on-balance sheet liabilities	36,550	3,267	174	222	1,075	243	77	75	405	0	30,551	461
Total off-balance sheet obligations	10,698	136	7,083	33	2,757	120	169	304	52	44	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 2019</u> EUR million	<u>30 Jun 2019</u> EUR million
<b><u>CAPITAL AND CAPITAL ADEQUACY</u></b>		
Consolidated Capital Adequacy Ratio*	15.92%	15.8%
Aggregate amount of shareholders' funds	54,925	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	698,690	697,626
- Total liabilities	643,765	642,936
- Total loans and advances	394,763	389,306
- Total customer deposits	384,219	436,561

	<u>31 Dec 2019</u> EUR million	<u>31 Dec 2018</u> EUR million
Pre-tax profit	6,398	7,580

Exchange rate:

EUR 1.00 = HKD 8.96019559 as at 31 Dec 2018

EUR 1.00 = HKD 8.88360524 as at 30 Jun 2019

EUR 1.00 = HKD 8.71329868 as at 31 Dec 2019