

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

**FINANCIAL DISCLOSURE STATEMENT  
AS AT 31 DECEMBER 2020**

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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, consisting of a large, stylized 'P' followed by a vertical line and a horizontal stroke.

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

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**INCOME STATEMENT**

	<u>31 Dec 2020</u> HKD'000	<u>31 Dec 2019</u> HKD'000
Interest Income	645,441	1,004,224
Interest Expenses	(321,078)	(737,594)
Other Operating Income:		
- Gains less losses arising from trading in foreign currencies	3,846	925
- Gains less losses on securities held for trading purposes	0	0
- Gains less losses from other trading activities	0	0
- Commission income	195,411	176,355
- Commission expense	(3,865)	(4,192)
- Others	0	(549)
Operating Expenses:		
- Staff and Rental Expenses	(148,313)	(158,512)
- Other Expenses	(23,374)	(28,142)
Impairment losses and provision for impaired loans and receivables	(48,335)	87,397
Profit/(Loss) from the disposal of equipment	0	0
Profit before taxation	299,733	339,912
Tax (Expense)/Income	(50,866)	(41,393)
Profit after Taxation	248,867	298,519

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**BALANCE SHEET INFORMATION**

	Note	<u>31 Dec 2020</u>	<u>30 Jun 2020</u>
		HKD'000	HKD'000
<b>ASSETS</b>			
Cash and balances with banks		125,090	156,345
Placements with banks maturing between 1 and 12 months		-	-
Amount due from overseas offices		6,038,473	6,004,780
Trade Bills		-	-
Loans and receivables	1	40,399,686	35,394,115
Investment securities		1,757,759	1,757,213
Provision against value of other claims and investment		(368)	(352)
Plant and equipment		65,165	66,730
Total Assets		48,385,805	43,378,831
<b>LIABILITIES</b>			
Deposits and balances from banks		1,855,637	2,651,050
Deposits from customers:			
- Demand deposits and current accounts		1,536,182	407,105
- Time, call and notice deposits		30,047	57,481
Certificates of deposit issued		300,000	-
Amount due to overseas offices		44,315,889	39,889,785
Other liabilities		348,050	373,410
Total Liabilities		48,385,805	43,378,831

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**ADDITIONAL BALANCE SHEET INFORMATION**

	<u>31 Dec 2020</u> HKD'000	<u>30 Jun 2020</u> HKD'000
(1) Loans and receivables		
- Loans and advances to customers	40,355,597	35,316,651
- Loans and advances to banks	-	-
- Accrued interest and other accounts	87,906	125,185
Provisions for impairment loans to customer		
- collective provisions	(30,272)	(25,279)
- specific provisions	(13,545)	(22,442)
	<u>40,399,686</u>	<u>35,394,115</u>

	<u>31 Dec 2020</u> HKD'000	<u>30 Jun 2020</u> HKD'000
(2) Impaired Loans and Advances		
(a) Amount of impaired loans and advances to customers which are individually determined to be impaired	801,993	273,788
(b) Amount of specific provisions made for such loans and advances	13,545	22,442
(c) Value of collateral which has been taken into account in respect of such loans and advances to which the specific provisions relate	803,943	187,049
(d) Percentage of such loans and advances to total amount of loans and advances to customers	2.0%	0.8%

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	<u>31 Dec 2020</u> HKD'000	<u>30 Jun 2020</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	-	-
- Manufacturing	1,478,942	1,554,093
- Transport and transport equipment	-	-
- Information Technology	-	-
- Others	2,287,025	2,790,159
Individuals:		
- Loans for the purchase of other residential properties	-	-
- Others	-	-
Trade finance	3,789,557	2,553,142
Loan for use outside Hong Kong	32,800,073	28,419,257
Total customers advances	<u>40,355,597</u>	<u>35,316,651</u>
Extent of customer loans covered by collateral or other security	<u>34.21%</u>	<u>38.81%</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

	31 Dec 2020		30 Jun 2020	
	HKD <u>in million</u>	% of total advances to <u>customers</u>	HKD <u>in million</u>	% of total advances to <u>customers</u>
Australia	4,358	10.8%	3,281	9.3%
Brazil	598	1.5%	600	1.7%
Hong Kong	6,740	16.7%	6,247	17.7%
Qatar	1,200	3.0%	1,238	3.5%
Peru	1,673	4.2%	2,428	6.9%
United Arab Emirates	3,363	8.3%	3,374	9.5%
Netherlands	2,713	6.7%	2,750	7.8%
USA	1,386	3.4%	1,151	3.2%
Cayman Islands	878	2.2%	907	2.6%
Kuwait	3,460	8.6%	3,591	10.2%
Singapore	736	1.8%	491	1.4%
Mexico	1,783	4.4%	1,783	5.0%
Luxembourg	2,023	5.0%	1,312	3.7%
India	2,071	5.1%	1,190	3.4%
Indonesia	1,395	3.5%	811	2.3%
Belgium	-	-	1,550	4.4%
Chile	3,557	8.8%	1,163	3.3%
Others	2,422	6.0%	1,450	4.1%
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	40,356	100%	35,317	100%
	=====	=====	=====	=====

(b) Individually determined impaired advances to customers

By countries	31 Dec 2020	30 Jun 2020
	HKD in million	HKD in million
Brazil	598	-
Argentina	60	-
Australia	-	116
Panama	144	158
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	802	274
	=====	=====

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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 2020 (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	52	-	-	6,458	-	6,510
of which Australia	2	-	-	2,991	-	2,993
of which U.S.A.	43	-	-	394	-	437
of which Spain	1	-	-	844	-	845
of which United Kingdom	3	-	-	1	-	4
of which Netherland	-	-	-	1,863	-	1,863
of which Japan	2	-	-	228	-	230
2. Offshore Centre	255	-	-	12,974	-	13,229
of which Cayman Islands	-	-	-	4,172	-	4,172
of which Panama	-	-	-	110	-	110
of which Singapore	-	-	-	736	-	736
of which Mauritius	-	-	-	361	-	361
of which Hong Kong	255	-	-	7,595	-	7,850
3. Developing Europe	-	-	-	-	-	-
4. Developing Latin America & Caribbean	-	-	-	26	-	26
of which Brazil	-	-	-	17	-	17
of which Peru	-	-	-	2	-	2
of which Chile	-	-	-	2	-	2
5. Developing Africa & Middle East	-	-	-	1,552	-	1,552
of which United Arab Emirates	-	-	-	377	-	377
of which Qatar	-	-	-	1,169	-	1,169
6. Developing Asia & Pacific	621	-	-	18,517	-	19,138
of which China	621	-	-	5,152	-	5,773
of which S. Korea	-	-	-	12,585	-	12,585
7. International Organizations	-	-	-	-	-	-
8. Unallocated by Country	-	-	-	-	-	-

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<u>As at 30 Jun 2020 (in HKD million)</u>	<u>Banks</u>	<u>Official Sector</u>	<u>Non-Bank private Sector</u>		<u>Others</u>	<u>Total</u>
			<u>Non-Bank Financial Institutions</u>	<u>Non-Financial Private Sector</u>		
1. Developed Countries	86	-	-	5,144	-	5,230
of which Australia	9	-	-	2,745	-	2,754
of which U.S.A.	72	-	-	59	-	131
of which Spain	-	-	-	1	-	1
of which United Kingdom	2	-	-	-	-	2
of which Netherland	-	-	-	1,882	-	1,882
of which Japan	2	-	-	267	-	269
2. Offshore Centre	703	-	-	7,248	-	7,951
of which Cayman Islands	-	-	-	2,123	-	2,123
of which Panama	-	-	-	124	-	124
of which Singapore	-	-	-	491	-	491
of which Mauritius	-	-	-	362	-	362
of which Hong Kong	703	-	-	4,148	-	4,851
3. Developing Europe	-	-	-	-	-	-
4. Developing Latin America & Caribbean	-	6	-	1,211	-	1,217
of which Brazil	-	-	-	43	-	43
of which Peru	-	-	-	3	-	3
of which Chile	-	-	-	1,163	-	1,163
5. Developing Africa & Middle East	-	-	-	1,599	-	1,599
of which United Arab Emirates	-	-	-	398	-	398
of which Qatar	-	-	-	1,192	-	1,192
6. Developing Asia & Pacific	156	-	-	19,485	-	19,641
of which China	156	-	-	7,039	-	7,195
of which S. Korea	-	-	-	12,063	-	12,063
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 2020</u>		<u>30 Jun 2020</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 2020</u>		<u>30 Jun 2020</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 2020

<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)	11,502	1,117	12,619
2. Local Government, local government-owned entities and their subsidiaries and JVs	738	-	738
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	2,095	2,850	4,945
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	-	581	581
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	14,335	4,548	18,883
Total assets after provision	48,386		
On-balance sheet exposures as percentage of total assets	29.63%		

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As at 30 Jun 2020

<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)	10,412	1,206	11,618
2. Local Government, local government-owned entities and their subsidiaries and JVs	1,242	-	1,242
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	2,095	2,849	4,944
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	-	581	581
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	13,749	4,636	18,385
Total assets after provision	43,379		
On-balance sheet exposures as percentage of total assets	31.70%		

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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 2020</u>										
	In HKD million										
	USD	GBP	JPY	EUR	CNY	CAD	CHF	AUD	SGD	OTHER	TOTAL
Spot assets	35,345	373	2	4,645	19	0	1	3,338	0	2,778	46,501
Spot liabilities	(34,345)	(374)	(0)	(4,642)	(20)	(0)	(0)	(3,335)	(0)	(2,778)	(45,494)
Forward purchases	310	0	0	0	1	0	0	5	0	314	630
Forward Sales	(1,277)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(314)	(1,591)
Net option position	0	0	0	0	0	0	0	0	0	0	0
Net long (short) position	33	(1)	2	3	0	0	1	8	0	0	46
Net structural position	0	0	0	0	0	0	0	0	0	0	0

	<u>As at 30 Jun 2020</u>										
	In HKD million										
	USD	GBP	JPY	EUR	CNY	CAD	CHF	AUD	SGD	OTHER	TOTAL
Spot assets	36,659	3	2	2,742	4	0	1	2,235	0	0	41,646
Spot liabilities	(36,078)	(4)	(0)	(2,739)	(6)	(0)	(0)	(2,248)	(0)	(0)	(41,075)
Forward purchases	47	0	0	0	0	0	0	4	0	47	98
Forward Sales	(581)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(47)	(628)
Net option position	0	0	0	0	0	0	0	0	0	0	0
Net long (short) position	47	(1)	2	3	(2)	0	1	(9)	0	0	41
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 2020</u> HKD'000	<u>30 Jun 2020</u> HKD'000
Contingent Liabilities and Commitments		
- Direct credit substitutes	145,217	2,769,226
- Transaction-related contingent items	926,575	528,074
- Trade related contingencies	149,343	208,297
- Other commitments	6,975,506	8,941,094
- Others	-	-
Derivatives		
- Exchange rate contracts	1,592,155	627,546
- Interest rate contract	111,621	-
Replacement cost of derivatives *		
- Exchange rate contracts	1,456	399
- Interest rate contract	111,462	-

\*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 2020</u>	<u>Three Months</u> <u>ended</u> <u>31 Dec 2019</u>
Average liquidity maintenance ratio (LMR)	51.11%	52.54%

This information is available at the Bank's website:-  
<https://www.bbvacib.com/en/sobre-bbva-cib/ue-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 USD5.3Bio 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 2020

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	48,435	1,354	5,508	2,616	1,306	1,196	6,990	3,222	9,664	4,717	11,767	95
Total off-balance sheet claims	13,621	13,621	0	0	0	0	0	0	0	0	0	0
Total on-balance sheet liabilities	48,203	1,608	697	1,173	1,341	8	466	416	4,306	0	37,737	451
Total off-balance sheet obligations	8,212	0	7,693	4	95	261	52	57	50	0	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 2020</u> EUR million	<u>30 Jun 2020</u> EUR million
<b><u>CAPITAL AND CAPITAL ADEQUACY</u></b>		
Consolidated Capital Adequacy Ratio*	16.46%	15.89%
Aggregate amount of shareholders' funds	50,020	49,555

\*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	736,176	753,824
- Total liabilities	686,156	704,269
- Total loans and advances	378,139	400,764
- Total customer deposits	409,122	402,184

	<u>31 Dec 2020</u> EUR million	<u>31 Dec 2019</u> EUR million
Pre-tax profit	5,225	6,398

Exchange rate:

EUR 1.00 = HKD 8.71329868 as at 31 Dec 2019

EUR 1.00 = HKD 8.74559557 as at 30 Jun 2020

EUR 1.00 = HKD 9.52099928 as at 31 Dec 2020