

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

**FINANCIAL DISCLOSURE STATEMENT
AS AT 31 DECEMBER 2023**

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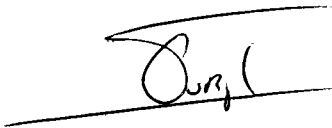
**BANCO BILBAO VIZCAYA ARGENTARIA, S.A.
HONG KONG BRANCH**

**FINANCIAL DISCLOSURE STATEMENT
AS AT 31 DECEMBER 2023**

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.



Iurgi Ruiz de Gauna Itza
Chief Executive
Banco Bilbao Vizcaya Argentaria, S.A.
Hong Kong Branch

**BANCO BILBAO VIZCAYA ARGENTARIA, S.A.
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INCOME STATEMENT

	<u>31 Dec 2023</u> HKD'000	<u>31 Dec 2022</u> HKD'000
Interest Income	2,841,768	1,182,598
Interest Expenses	(2,426,450)	(835,734)
Other Operating Income:		
- Gains less losses arising from trading in foreign currencies	(21,808)	(7,429)
- Gains less losses on securities held for trading purposes	0	0
- Gains less losses from other trading activities	0	0
- Commission income	171,815	250,905
- Commission expense	(20,314)	(16,709)
- Others	(852)	0
Operating Expenses:		
- Staff and Rental Expenses	(203,979)	(195,626)
- Other Expenses	(119,905)	(98,446)
Impairment losses and provision for impaired loans and receivables	27,576	7,432
Profit/(Loss) from the disposal of equipment	1	0
Profit before taxation	247,852	286,991
Tax (Expense)/Income	(40,529)	(45,140)
Profit after Taxation	207,323	241,851

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BALANCE SHEET INFORMATION

	Note	<u>31 Dec 2023</u> HKD'000	<u>30 Jun 2023</u> HKD'000
ASSETS			
Cash and balances with banks		331,863	134,920
Due from Exchange Fund		96,692	44,689
Placements with banks maturing between 1 and 12 months		-	-
Amount due from overseas offices		15,240,261	7,912,145
Trade Bills		-	-
Loans and receivables	1	45,135,859	45,100,386
Investment securities		1,766,672	1,769,292
Provision against value of other claims and investment		(59)	(220)
Plant and equipment		51,556	10,661
Total Assets		62,622,844	54,971,873
LIABILITIES			
Deposits and balances from banks		4,221,904	2,443,323
Deposits from customers:			
- Demand deposits and current accounts		147,305	150,254
- Time, call and notice deposits		5,150,132	1,279,567
Due to Exchange Fund		2,784,105	1,825,369
Amount due to overseas offices		49,440,097	48,676,405
Other liabilities		879,301	596,955
Total Liabilities		62,622,844	54,971,873

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ADDITIONAL BALANCE SHEET INFORMATION

	<u>31 Dec 2023</u> HKD'000	<u>30 Jun 2023</u> HKD'000
(1) Loans and receivables		
- Loans and advances to customers	44,579,838	44,638,145
- Loans and advances to banks	-	-
- Accrued interest and other accounts	562,694	475,831
Provisions for impairment loans to customer		
- collective provisions	(6,673)	(6,558)
- specific provisions	-	(7,032)
	-----	-----
	<u>45,135,859</u>	<u>45,100,386</u>
	=====	=====

	<u>31 Dec 2023</u> HKD'000	<u>30 Jun 2023</u> HKD'000
(2) Impaired Loans and Advances		
(a) Amount of impaired loans and advances to customers which are individually determined to be impaired	-	135,306
(b) Amount of specific provisions made for such loans and advances	-	7,032
(c) Value of collateral which has been taken into account in respect of such loans and advances to which the specific provisions relate	-	135,306
(d) Percentage of such loans and advances to total amount of loans and advances to customers	-	0.30%

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	<u>31 Dec 2023</u> HKD'000	<u>30 Jun 2023</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	2,212,112	3,573,412
- Transport and transport equipment	-	-
- Information Technology	977,799	980,233
- Others	5,271,765	4,664,386
Individuals:		
- Loans for the purchase of other residential properties	-	-
- Others	-	-
Trade finance	8,494,641	4,595,347
Loan for use outside Hong Kong	27,623,521	30,824,767
Total customers advances	----- 44,579,838 =====	----- 44,638,145 =====
Extent of customer loans covered by collateral or other security	24.64% =====	25.46% =====

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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 2023</u>		<u>30 Jun 2023</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>
Hong Kong	16,835	37.8%	17,664	39.6%
Chile	2,977	6.7%	4,650	10.4%
United Arab Emirates	4,885	10.9%	4,192	9.4%
USA	4,444	10.0%	2,120	4.7%
Netherlands	1,724	3.9%	2,815	6.3%
Australia	2,474	5.5%	2,887	6.5%
Kuwait	2,220	5.0%	2,625	5.9%
Singapore	1,159	2.6%	-	-
India	1,670	3.7%	1,788	4.0%
Cayman Islands	1,538	3.4%	1,572	3.5%
Qatar	205	0.5%	829	1.9%
Others	4,449	10.0%	3,496	7.8%
	<u>44,580</u>	<u>100%</u>	<u>44,638</u>	<u>100%</u>

(b) Individually determined impaired advances to customers

	<u>31 Dec 2023</u> HKD in million	<u>30 Jun 2023</u> HKD in million
By countries		
Argentina	-	135
	<u>-</u>	<u>135</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 2023 (in HKD million)</u>	<u>Banks</u>	<u>Official Sector</u>	<u>Non-Bank private Sector</u>			<u>Total</u>
			<u>Non-Bank Financial Institutions</u>	<u>Non-Financial Private Sector</u>	<u>Others</u>	
1. Developed Countries	106	-	-	7,964	-	8,070
of which Australia	5	-	-	1,998	-	2,003
of which U.S.A.	94	-	-	4,085	-	4,179
of which Spain	1	-	-	499	-	500
of which United Kingdom	3	-	-	4	-	7
of which Netherlands	-	-	-	11	-	11
of which Japan	2	-	-	-	-	2
2. Offshore Centre	395	-	-	16,773	-	17,168
of which Cayman Islands	-	-	-	1,854	-	1,854
of which Panama	-	-	-	199	-	199
of which Singapore	-	-	-	1,160	-	1,160
of which Mauritius	-	-	-	-	-	-
of which Hong Kong	395	-	-	13,360	-	13,755
3. Developing Europe	-	-	-	-	-	-
4. Developing Latin America & Caribbean	-	6	-	36	-	42
of which Brazil	-	-	-	-	-	-
of which Chile	-	-	-	19	-	19
5. Developing Africa & Middle East	-	-	-	563	-	563
of which United Arab Emirates	-	-	-	316	-	316
of which Qatar	-	-	-	206	-	206
6. Developing Asia & Pacific	-	-	-	18,476	-	18,476
of which Mainland China	-	-	-	7,727	-	7,727
of which S. Korea	-	-	-	10,072	-	10,072
7. International Organizations	-	-	-	-	-	-
8. Unallocated by Country	-	-	-	-	-	-

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<u>As at 30 Jun 2023 (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	103	-	-	6,485	-	6,588
of which Australia	6	-	-	2,334	-	2,340
of which U.S.A.	80	-	-	1,812	-	1,892
of which Spain	1	-	-	574	-	575
of which United Kingdom	12	-	-	4	-	16
of which Netherlands	-	-	-	606	-	606
of which Japan	2	-	-	33	-	35
2. Offshore Centre	191	-	-	17,506	-	17,697
of which Cayman Islands	-	-	-	1,995	-	1,995
of which Panama	-	-	-	161	-	161
of which Singapore	-	-	-	-	-	-
of which Mauritius	-	-	-	-	-	-
of which Hong Kong	191	-	-	15,350	-	15,541
3. Developing Europe	-	-	-	55	-	55
4. Developing Latin America & Caribbean	-	7	-	47	-	54
of which Brazil	-	-	-	-	-	-
of which Chile	-	-	-	16	-	16
5. Developing Africa & Middle East	-	-	-	1,201	-	1,201
of which United Arab Emirates	-	-	-	324	-	324
of which Qatar	-	-	-	831	-	831
6. Developing Asia & Pacific	-	-	-	18,819	-	18,819
of which Mainland China	-	-	-	9,117	-	9,117
of which S. Korea	-	-	-	9,611	-	9,611
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 2023</u>		<u>30 Jun 2023</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 2023</u>		<u>30 Jun 2023</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 2023

<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)	17,242	832	18,074
2. Local Government, local government-owned entities and their subsidiaries and JVs	629	-	629
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	2,485	2,370	4,855
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	20,356	3,202	23,558
Total assets after provision	62,623		
On-balance sheet exposures as percentage of total assets	32.51%		

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As at 30 Jun 2023

<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)	18,431	1,162	19,593
2. Local Government, local government-owned entities and their subsidiaries and JVs	1,498	-	1,498
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3,597	3,026	6,623
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	23,526	4,188	27,714
Total assets after provision	54,972		
On-balance sheet exposures as percentage of total assets	42.80%		

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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 2023</u>										
	In HKD million										
	USD	GBP	JPY	EUR	CNY	CAD	CHF	AUD	SGD	OTHER	TOTAL
Spot assets	41,733	2,794	2	10,455	224	0	1	2,826	0	1,578	59,613
Spot liabilities	(39,198)	(2,796)	(0)	(10,436)	(266)	(0)	(0)	(2,833)	(0)	(1,577)	(57,106)
Forward purchases	3,731	0	0	0	91	0	0	12	0	3,803	7,637
Forward Sales	(6,236)	(0)	(0)	(17)	(48)	(0)	(0)	(0)	(0)	(3,803)	(10,104)
Net option position	0	0	0	0	0	0	0	0	0	0	0
Net long (short) position	30	(2)	2	2	1	0	1	5	0	1	40
Net structural position	0	0	0	0	0	0	0	0	0	0	0

	<u>As at 30 Jun 2023</u>										
	In HKD million										
	USD	GBP	JPY	EUR	CNY	CAD	CHF	AUD	SGD	OTHER	TOTAL
Spot assets	35,096	1,840	2	9,449	29	0	1	2,584	0	3,245	52,246
Spot liabilities	(33,686)	(1,842)	(0)	(9,459)	(52)	(0)	(0)	(2,592)	(0)	(3,243)	(50,874)
Forward purchases	1,824	0	0	10	22	0	0	11	0	1,766	3,633
Forward Sales	(3,251)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(1,765)	(5,016)
Net option position	0	0	0	0	0	0	0	0	0	0	0
Net long (short) position	(17)	(2)	2	0	(1)	0	1	3	0	3	(11)
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 2023</u> HKD'000	<u>30 Jun 2023</u> HKD'000
Contingent Liabilities and Commitments		
- Direct credit substitutes	111,942	150,120
- Transaction-related contingent items	683,573	755,155
- Trade related contingencies	102,002	245,025
- Other commitments	5,120,515	6,911,861
- Others	3,083,471	2,885,859
Derivatives		
- Exchange rate contracts	10,100,589	5,133,157
- Interest rate contract	3,083,471	2,885,859
Replacement cost of derivatives *		
- Exchange rate contracts	3,279	1,026
- Interest rate contract	3,083,919	2,891,249

*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 2023</u>	<u>Three Months</u> <u>ended</u> <u>31 Dec 2022</u>
Average liquidity maintenance ratio (LMR)	60.55%	53.50%

This information is available at the Bank's website:-
<https://www.bbvacib.com/en/sobre-bbva-cib/due-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, with committee members comprised of Asia Senior Management based in Hong Kong which includes all the business lines and main support units, all the branch managers, 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 highly 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 USD6.8Bio 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 scenarios (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 2023

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	62,630	9,232	6,537	10,354	2,253	4,728	9,905	6,323	2,257	2,442	8,456	143
Total off-balance sheet claims	13,119	13,119	0	0	0	0	0	0	0	0	0	0
Total on-balance sheet liabilities	62,623	4,881	4,776	891	2,907	2,307	2,560	873	583	0	42,330	515
Total off-balance sheet obligations	9,547	3,084	6,363	0	4	96	0	0	0	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 2023</u> EUR million	<u>30 Jun 2023</u> EUR million
<u>CAPITAL AND CAPITAL ADEQUACY</u>		
Consolidated Capital Adequacy Ratio*	16.58%	16.79%
Aggregate amount of shareholders' funds	55,265	52,568

*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	775,558	762,456
- Total liabilities	720,293	709,888
- Total loans and advances	388,912	380,949
- Total customer deposits	413,487	402,344

	<u>31 Dec 2023</u> EUR million	<u>31 Dec 2022</u> EUR million
Pre-tax profit	12,419	10,490

Exchange rate:

EUR 1.00 = HKD 8.29940312 as at 31 Dec 2022

EUR 1.00 = HKD 8.57129934 as at 30 Jun 2023

EUR 1.00 = HKD 8.68760099 as at 31 Dec 2023