BBVA Global Finance Limited

Financial Statements for the year ended December 31, 2016
with Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

To the Sole Shareholder of
BBVA Global Finance Limited

Opinion

We have audited the financial statements of BBVA Global Finance Limited (the "Company"), which comprise the statement of financial position as at December 31, 2016, and the statement of comprehensive income, statement of changes in shareholder's equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Company as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by International Accounting Standards Board ("IFRS-IASB").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Going Concern

As disclosed in Notes 1 and 5 to the accompanying financial statements, the Company is a wholly owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A., (the "Parent") and its principal activity is to act as a financing entity for the Parent, issuing debt obligations to lend the proceeds received to its Parent. In addition, since June 2003, the Company ceased issuing Euro Medium Term Notes and subordinated notes and is no planning to offer new issues. We identified that the most significant assumption in assessing the Company's ability to continue as a going concern was the commitment of Banco Bilbao Vizcaya Argentaria, S.A. (the Sole Shareholder) to provide adequate financial resources to the Company to allow it to continue as a going concern until the time of its liquidation.

Our audit procedures to address the risk of material misstatement relating to this key audit matter, which was considered to be a significant risk, included, among others, external confirmation from the Company Directors and Parent Company about the commitment.

Other Information

The Board of Directors are responsible for the other information. The other information exclusively comprises the information included in the Directors´ report for the year ended December 31, 2016.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors are responsible for the preparation and fair presentation of these financial statements in accordance with "IFRS-IASB", and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor' s Responsabilities for the Audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DELOITTE, S.L.

José M. Domínguez

José Manuel Domínguez

25 April 2017

BBVA Global Finance Limited

(a wholly owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A.)

Financial Statements for the year ended December 31, 2016

BBVA GLOBAL FINANCE LIMITED
(a wholly owned subsidiary of Banco
Bilbao Vizcaya Argentaria, S.A.)

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2016 AND 2015
(Currency - United States Dollars)

	2016	2015 (*)
ASSETS:		
Cash and cash equivalents (Note 3)	1,752,995	1,533,734
Short term assets due from Parent (Notes 2c, 3 and 4)	8,025,697	188,480,692
Long term assets due from Parent (Notes 2c, 3 and 4)	194,678,000	194,678,000
Other accrual accounts	54,265	54,625
Total assets	**204,510,957**	**384,747,051**
LIABILITIES AND SHAREHOLDER'S EQUITY:		
Liabilities-		
Long term bonds and notes (Notes 2c and 5)	198,413,747	198,236,348
Short term bonds and notes (Notes 2c and 5)	1,166,667	181,627,056
Other accrual accounts	6,031	20,862
Total liabilities	**199,586,445**	**379,884,266**
Shareholder's equity (Note 6)		
Common stock, $ 100 par value; 1,000 shares authorized and 10 shares issued and outstanding	1,000	1,000
Retained earnings	4,923,512	4,861,785
Total shareholder's equity	**4,924,512**	**4,862,785**
Total liabilities and shareholder's equity	**204,510,957**	**384,747,051**

(*) Presented only for comparison purposes.
The accompanying Notes 1 to 8 form an integral part of these financial statements.

BBVA GLOBAL FINANCE LIMITED
(a wholly owned subsidiary of Banco
Bilbao Vizcaya Argentaria, S.A.)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Currency - United States Dollars)

	2016	2015 (*)
Interest income from Parent (Note 4)	15,616,431	19,538,191
Interest expense to noteholders (Note 5)	(15,378,468)	(19,370,819)
Financial margin	**237,963**	**167,372**
General and administrative expenses	(176,236)	(172,074)
Profit (loss) and comprehensive income (loss)	**61,727**	**(4,702)**
Profit (loss) per common share	**6,173**	**(470)**
Average number of common shares outstanding	**10**	**10**

(*) Presented only for comparison purposes.

The accompanying Notes 1 to 8 form an integral part of these financial statements.

BBVA GLOBAL FINANCE LIMITED
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STATEMENTS OF CHANGES IN SHAREHOLDER´S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Currency - United States Dollars)

	2016	2015 (*)
Number of authorized shares-		
Balance at the beginning and at the end of the year	1,000	1,000
Number of issued shares-		
Balance at the beginning and at the end of the year	10	10
Par value per share at end of year-	$ 100	$ 100
Capital stock		
Balance at the beginning and at the end of the year	$ 1,000	$ 1,000
Retained earnings-		
Balance at the beginning of the year	4,861,785	4,866,487
Net income / (loss) for the year	61,727	(4,702)
Balance at the end of the year	4,923,512	4,861,785
Shareholders equity, end of the year	**4,923,512**	**4,861,785**

(*) Presented only for comparison purposes.

The accompanying notes 1 to 8 form an integral part of these financial statements.

BBVA GLOBAL FINANCE LIMITED
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STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

(Currency - United States Dollars)

	2016	2015 (*)
Cash flow from operating activities:		
Net income / (loss)	61,727	(4,702)
Adjustments to reconcile net income to net cash provided by (used in) operating activities -		
Amortization of differences between initial amount and maturity amount on assets due from Parent and bonds and notes		
Accrued interest payable	177,400	177,400
Decrease in accrued interest receivable from Parent	266,290	904,186
(Increase) / decrease in interest payable to noteholders	(271,684)	(906,011)
(Increase) / decrease in other accrual accounts	360	(359)
Increase / (decrease) in other liabilities	(14,171)	-
Net cash provided by operating activities	**219,923**	**170,514**
Cash flow from investing activities:		
Decrease in assets due from Parent	174,453,476	74,764,223
Net cash provided by investing activities	**174,453,476**	**74,764,223**
Cash flow from financing activities:		
Decrease in bonds and notes	(174,453,476)	(74,764,223)
Net cash used in financing activities	**(174,453,476)**	**(74,764,223)**
Net increase in cash and cash equivalents	**219,923**	**170,514**
Effect of currency translations	(663)	(2,403)
Cash and cash equivalents at beginning of the year	1,533,734	1,365,624
Cash and cash equivalents at the end of the year	**1,752,994**	**1,533,734**

(*) Presented only for comparison purposes.

The accompanying notes 1 to 8 form an integral part of these financial statements.

BBVA Global Finance Limited
(a wholly owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A.)

Notes to the Financial Statements
for the year ended December 31, 2016
(Currency-United States dollars)

1. Group affiliation, principal activity and tax regulation

Bilbao International Limited, which was incorporated on June 23, 1983, in the Cayman Islands, changed its name to BBV International Finance Limited on August 21, 1990 and to BBVA Global Finance Limited (the "Company") on April 17, 2001 and is a wholly owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A., (the "Bank" or the "Parent") a Spanish banking institution headquartered in Bilbao, Spain.

The Company's principal activity is to act as a financing entity for the Bank. The objectives for which the Company is established are to issue debt obligations to lend the proceeds received to its Parent, and to borrow funds from other entities and to lend the proceeds to any subsidiary of its Parent, and any other activities incidental to the borrowing and lending of such funds.

The Cayman Islands currently have no taxes on profits, corporate income or capital gains.

The Company uses the United States of America Dollar ("U.S. $") as its presentation currency and the Euro ("EUR") as its functional currency.

The Company develops its activity as a member company of Banco Bilbao Vizcaya Argentaria Group and its management is performed by personnel of this Group. The Company is economically dependent on the Parent and its continuing existence is based solely on the ability of the Parent to fulfil its obligations to the Company for the interest and maturity of the deposits and guarantee of the redemption value of the notes (Note 5). The Parent has commited to provide adequate financial resources to the Company to allow it to continue as going concern until the time of its liquidation.

Since December 2001, the Company ceased issuing Subordinated Notes and since June 2003 Senior Notes due to the revised legal regulatory framework applicable to the Parent.

2. Significant accounting policies

Accounting principles

These financial statements of the Company are prepared in accordance with International Financial Reporting Standards as adopted by International Accounting Standards Board ("IFRS-IASB") with significant policies applied below.

a) Recognition of revenues and expenses

For accounting purposes, revenues and expenses are recorded on the accrual basis of accounting as they are earned or incurred using the effective interest method. Revenues include interest earned by assets due from Parent and expenses include, mainly, interest incurred by bonds, notes and deposits.

b) Use of estimates

The preparation of financial statements in conformity with IFRS-IASB requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

c) Euro Medium Term Notes and assets due from Parent

Euro Medium Term Notes and assets due from Parent, recorded as loans and receivables, are recognized at amortized cost, which represents the received and placed amount, respectively, plus or minus the cumulative amortization using the effective interest rate of any difference between that initial amount and the maturity amount. The carrying amount of these loans and receivables are detailed in note 4.

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument, considering all contractual terms of the financial instruments, transaction costs, and all other premiums or discounts.

Issuing notes, sometimes, involves incurring costs and commissions in relation to the offering. These fees and costs are considered as transaction costs in calculating the effective interest rate.

d) Impairment of financial assets-

The Company determines at each reporting period whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are recognized if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets and prior to the statement of financial position ('a loss event') and that event adversely impacts estimated future cash flows of the financial asset.

When the estimates used to determine the recoverable amount have changed since the last time, an impairment loss was recognized and these changes then results in an increase of the recoverable amount such an increase represents a reversal of some of the impairment losses in the statement of comprehensive income.

During 2016 and 2015, the Company did not recognize any impairment of financial assets. The Company´s total assets are held with Banco Bilbao Vizcaya Argentaria, S.A., the sole shareholder of the Company.

e) Recognition and derecognition-

Financials assets and liabilities are recognized when they are acquired or funded by the Company and derecognized when settled.

Financial assets are recorded, in general terms, initially at the fair value of the compensation paid plus transaction costs that are directly attributable. Subsequently, financial assets will be valued at amortized cost, except for those financial assets held for trading or designated at fair value through the income statement, which are initially recognized at fair value, recording in the income statement the results from changes in its fair value.

Debits and amounts payable are initially recognized at the fair value of the consideration received, adjusted by the transaction costs directly attributable. Subsequently, these liabilities are measured in accordance with its amortized cost.

f) Foreign currency transactions and exchange differences

Assets and liabilities in foreign currencies have been translated to U.S. dollars at the year-end exchange rate.

Revenues and expenses in foreign currencies have been translated to U.S. dollars at the average exchange rates in each year.

All the assets are contracted with Banco Bilbao Vizcaya Argentaria, S.A. in Spain, the parent entity of the Company. Liabilities are mainly notes issued denominated in U.S dollars (see note 5) and current creditors denominated in U.S dollars.

The exchange differences produced when converting the balances in foreign currency to the functional currency of the entity is generally recognized under the heading "Exchange differences (net)" in the income statements. However, the exchange differences in non-monetary items, measured at fair value, are recognized temporarily in equity under the heading "Accumulated other comprehensive income - Items that may be reclassified to profit or loss - Exchange differences" in the balance sheets.

g) Cash and cash equivalents

Cash and cash equivalents represent all highly liquid instruments with a maturity of three months or less when acquired or generated.

h) Income taxes

No income taxes are levied on corporations by the Cayman Islands government and, therefore, no income tax provision is reflected in the accompanying financial statements.

i) Statement of Comprehensive Income

The Company has elected to present a single statement of comprehensive income. The Company does not have separate components of other comprehensive income; therefore, comprehensive income is equal to the profit/(loss) reported for all periods presented.

j) Related party transactions-

The Company is a wholly-owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A. and enters into transactions with related parties in the normal course of business. This includes amongst others cash deposits agreements. All the outstanding amounts have been disclosed in the notes to each separate account balance when applicable.

No remuneration is paid by the Company to the managing directors as they are not employed by the Company. Remunerations to the managing directors of the Company are paid by the Parent Company.

k) Adoption of New and Revised International Financial Reporting Standards ('IFRS') and Interpretations-

In 2016, the Company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ('IASB') and the International Financial Reporting Interpretations Committee ('IFRIC') of the IAS that are relevant to its operations and effective for accounting periods beginning on or after January 1, 2016. The adoption of these new and revised Standards and Interpretations has not resulted in major changes to the Company's records.

<u>Standards, amendments and Interpretations to existing standards that became mandatory for the first time for the 2016 financial statements</u>

The following modifications to the IFRS or their interpretations (hereinafter "IFRIC") came into force in 2016. Their integration in the Company has not had a significant impact on these financial statements:

- Amendments to IFRS 11 – "Joint Arrangements" This modification became mandatory for financial statements beginning on or after January 1, 2016; earlier application of the amendment is permitted.

- Amendments to IAS 1 – " Presentation of Financial Statements" The amendments made to IAS 1 further encourage companies to apply professional judgement in determining what information to disclose in their financial statements, in determining when line items are disaggregated and additional headings and subtotals included in the statement of financial position and the statement of profit or loss and other comprehensive income, and in determining where and in what order information is presented in the financial disclosures.

- Amendments to IAS 16 – "Property, Plant and Equipment" and IAS 38 – "Intangible Assets" This modifications became mandatory for financial statements beginning on or after January 1, 2016; earlier application of the amendment is permitted.

- Amendments to IAS 27 – "Separate financial statements" This modification became mandatory for financial statements beginning on or after January 1, 2016. This standard is to be applied retroactively according to IAS 8 requirements.

- Amendments to IFRS 10" Consolidated financial statements", IFRS 12 "Disclosure of interests in other entities" and IAS 28 – "Investments in Associates". This modification became mandatory for financial statements beginning on or after January 1, 2016; earlier application of the amendment is permitted.

In addition, Annual Improvements to IFRSs 2012-2014 Cycle introduces small modifications and clarifications to IFRS 1 - First-time Adoption of IFRSs, IFRS 3 - Business Combinations, IFRS 13 - Fair Value Measurement and IAS 40 - Investment Property, IFRS 5 – Non current assets held for sale and discontinued operations, IFRS 7 – Financial instruments: Information to disclose, IAS 19 – Employee benefits and IAS 34 – interim financial information.

Standards and interpretations issued but not yet effective as of December, 31, 2016

New International Financial Reporting Standards together with their interpretations had been published at the date of preparation of the accompanying financial statements, but are not obligatory as of December 31, 2016. Although in some cases the IASB permits early adoption before they come into force, the Company has not done so as of that date, as it is still analyzing the effects that will result from them:

- IAS 7 – "Statement of Cash Flows". These modifications will be applied to the accounting periods beginning on or after January 1, 2017, although early application is permitted.

- IFRS 9 – " Financial instruments". The IASB has established January 18, 2018, as the mandatory application date, with the possibility of early adoption.

- Amendments to IFRS 10 – "Consolidated Financial Statements" and IAS 28 – "Investments in Associates and Joint Ventures" This modification became mandatory for financial statements beginning on the effective date; still to be determinated, although early adoption is allowed.

- Amendments to IFRS 15 – "Revenue from Contracts with Customers" This modification became mandatory for financial statements beginning on or after January 1, 2018; earlier application of the amendment is permitted.

3. Risk Exposure

The use of financial instruments may involve the assumption or transfer of one or more types of risk. The risks associated with financial instruments are:

- Credit risk: this is the risk that one of the parties to the financial instrument agreement will fail to honour its contractual obligations due to the insolvency or incapacity of the individuals or legal entities involved and will cause the other party to incur a financial loss.

- Market risk: These arise as a consequence of holding financial instruments whose value may be affected by changes in market conditions. The following is a summary of each of the components:

  i) Fair value interest rate risk: arises as a result of changes in market interest rates.

  ii) Currency risk: arises as a result of changes in the exchange rate between currencies.

- Counterparty risk: since the counter party of the deposits is Banco Bilbao Vizcaya Argentaria, S.A. the Company considers that its exposure to counter party is not relevant.

- Liquidity risk: the Company obtains the liquidity required to meet interest payments, redemption of issues and the needs of its business activities from subordinated deposits on the issues arranged with Banco Bilbao Vizcaya Argentaria, S.A. or the credit facility maintained by its sole shareholder.

The Company (integrated in BBVA Group) is integrated in the global risk management system, developed by the Group, based on three components: a corporate risk management structure, with segregated functions and responsibilities; a set of tools, circuits and procedures that make up the different risk management systems; and an internal control system.

CORPORATE RISK MANAGEMENT STRUCTURE

The Board of Directors of the Group is the body responsible for setting risk policies. The Board hence establishes the general principles defining the target risk profile for the BBVA Group. Likewise, it approves the infrastructure required for risk management, the delegation framework and the limits system that enables the business to develop and maintain this risk profile in the day-to-day decision making.

The BBVA Group's risk management system is managed by an independent risk area (the "Risk Area"), which combines a view by risk types with a global view.

The Risk Area assures that the risk tools, metrics, historical databases and information systems are in line and uniform. It likewise sets the procedures, circuits and general management criteria.

TOOLS, CIRCUITS AND PROCEDURES

The BBVA Group has implemented an integrated risk management system designed to cater for the needs arising in relation to the various types of risk; this prompted it to equip the management processes for each risk with measurement tools for risk acceptance, assessment and monitoring and to define the appropriate circuits and procedures, which are reflected in manuals that also include management criteria.

Credit risk

The breakdown of the credit risk by financial instruments as of December 31, 2016 and 2015 is as follows:

	U.S. Dollars	
	2016	2015
Cash and cash equivalents	1,752,994	1,533,734
Short and Long term assets due from Parent	202,703,697	383,158,692
Total	**204,456,691**	**384,692,426**

As of 31 December 2016 and 2015 there were no impaired assets nor past due. The counterparty of all financial assets were Banco Bilbao Vizcaya Argentaria, S.A., the Parent entity of the Company, financial entity with high credit rating estimated by external agencies.

Structural interest rate risk

The aim of statement of financial position interest rate risk management is to maintain the Company's exposure to market interest rate fluctuations at levels within its risk strategy and profile. For such compliance, the Assets - liabilities Committee (the "ALCO") of the Group actively manages the statement of financial position interest rate risk through transactions intended to optimize the level of risk assumed in relation to the expected results, thus enabling the Company to comply with the tolerable risk limits.

The ALCO bases its activities on the interest rate risk measurements performed by the risk area. Acting as an independent unit, the risk area periodically quantifies the impact of interest rate fluctuations on the BBVA Group's net interest income and economic value.

The impact of interest rate fluctuations on the Company's net interest income is minimal since the interest rate fluctuations of the liabilities are offset with the interest rate fluctuations of the assets. The impact of variations in the interest rate of 19 basic points, positive and negative, would imply losses of U.S. $ 35,635 and U.S. $ 64,022, respectively, in the net profit of the year and in the Total Shareholder´s equity as of 31 December 2016.

Structural currency risk

Structural currency risk derives mainly from exposure to exchange rate fluctuations arising in relation to the investments and from the issues financed in currencies other than the investment currency.

The impact of exchange rate fluctuations on the Company's net interest is minimal since the exchange rate fluctuations of the liabilities are offset with the exchange rate fluctuations of the assets. The impact of variations in the medium exchange rate of 12 basic points, positive and negative, would imply losses of U.S, $ 43,524 and U.S. $ 56,134, respectively, in the net profit of the year and in the Total Shareholder's equity as of 31 December 2016.

Capital risk

The BBVA Group's capital management is performed at both regulatory and economic level.

Regulatory capital management is based on the analysis of the capital base and the capital ratios (core capital, Tier 1, etc.) using Basel ("BIS") and Bank of Spain criteria.

The aim is to achieve a capital structure that is as efficient as possible in terms of both cost and compliance with the requirements of regulators, ratings agencies and investors. Active capital management includes securitizations, sales of assets, and preferred and subordinated issues of equity and hybrid instruments.

From an economic standpoint, capital management seeks to optimize value creation at the BBVA Group and at its different business units.

4. Short and Long term assets due from Parent

The detail of the balances of this caption in the accompanying statements of financial position is as follows:

	U. S. Dollars		Interest Rate as of	
	2016	2015 (*)	December 31, 2016	December 31, 2015 (*)
Assets due from Parent:				
Short term BBVA Deposit	6,810,311	6,804,918	Libor 3-Month	Libor 3-Month
BBVA Deposits from Subordinated Notes Programme (**)	195,893,386	376,353,774	0% - 7.25%	0% - 7.25%
	202,703,697	**388,158,692**		

(**) Present similar interest rates as the related notes whoses proceeds were over the deposits (See Note 5).

As of 31 December 2016 The breakdown term of the abovementioned assets is as follows:

	U.S. Dollars	
	Short term	Long term
BBVA Deposit	6,810,311	-
Subordinated Notes Programme	1,215,386	194,678,000
	8,025,697	194,678,000

The corresponding interest income for 2016 and 2015 was U.S.$ 15,616,431 and U.S.$ 19,538,191 respectively and are recorded in the "Interest income from Parent" caption in the accompanying statements of comprehensive income for the years ended December 31, 2016 and 2015.

As of 31 of December 2016, the currency of the deposits was U.S. dollars.

Short and Long term assets due from Parent were arranged in U.S. dollars except the following:

	2015
Subordinated Note Programme Issues	EUR 165,500,000
U.S dollars translation	US$ 180,179,787

5. Notes

In 2000, as consequence of the merger between Banco Bilbao Vizcaya, S.A. ("BBV") and Argentaria, Caja Postal y Banco Hipotecario, S.A. ("Argentaria"), and in order to reorganize the finance subsidiaries in the Banco Bilbao Vizcaya Argentaria Group, the Company substituted all the Argentaria Group issuers as

issuer of all senior notes issued and outstanding. Notes issued on and after April 27, 2000 and the Substituted Notes are guaranteed by BBVA.
On March 23, 2010, the Board of Directors approved the substitution by the Company as issuer of the relevant issues of other Banco Bilbao Vizcaya Argentaria Group.

As of December 31, 2016 and 2015, the Company has the following guaranteed subordinated issues:

Issue	Date of Issuance	Issue Amount Nominal	Interest Rate 12.31.2016	Amortised cost U.S. Dollars Outstanding at	
				2016	2015 (*)
1 Fixed Rate Notes due 2025 (***)	1995	USD 200,000,000	7.00%	199,580,414	199,403,015
3 Fixed Rate Notes due 2016 (I)	2001	EUR 40,000,000	6.078%	-	11,035,881
4 Floating Rate Notes due 2016 (I) (**)	2001	EUR 50,000,000	Euribor 3-Month+0.6%	-	50,248,969
5 Floating Rate Notes due 2016 (I)(**)	2001	EUR 55,000,000	Euribor 3-Month+0.7%	-	58,197,797
6 Floating Rate Notes due 2016 (I)	2001	EUR 56,000,000	Euribor 3-Month+0.7%	-	60,977,742
				199,580,414	**379,863,404**

(*) Presented only for comparison purposes
(**) These Notes are listed on the Luxembourg Stock Exchange.
(***) These Notes are not listed on any stock exchange market.
(I) These Notes have expired during the year 2016.

The interest expense for 2016 and 2015 was U.S.$ 15,378,468 and U.S.$ 19,370,819, respectively, and are recorded in the "Interest expense to noteholders" caption in the accompanying statements of comprehensive income for the years ended December 31, 2016 and 2015.

The fair value of the nominal value as of 31 December 2016, as described hereafter (Level 1):

	2016 (%)	**2015 (%)**
1 Fixed Rate Notes due 2025	108.10%	108.74%
3 Fixed Rate Notes due 2016	-	102.54%
4 Floating Rate Notes due 2016	-	99.15%
5 Floating Rate Notes due 2016	-	98.50%
6 Floating Rate Notes due 2016	-	98.16%

Given that the Company deposits the proceeds received from its issuance in short and long terms assets due from Parent Company with similar conditions, the fair value of the that assets is similar to the issuances linked. The fair value hierarchy of these deposits are level 2.

6. Shareholder's equity

Issued Share Capital

The issued share capital is $ 1,000 divided into 10 shares of a nominal or par value of $ 100 each.

7. Subsequent events

From January 1, 2017 to the date of preparation of these financial statements, no other subsequent events not mentioned above in these financial statements have taken place that significantly affect the Company's earnings or its equity position.

8. Approval of the financial statements

The Board of Directors prepared the 2016 financial statements as of April 24, 2017.

The 2015 financial statements of the Company have been approved by the shareholder at the respective Annual General Meeting on December 15, 2016.

The 2016 financial statements of the Company have not yet been approved by the shareholder at the respective Annual General Meeting. However, the Company's Board of Directors considers that the aforementioned financial statements will be approved without any changes.

The BBVA Group's consolidated financial statements for 2016 were approved at the Annual Shareholder's General meeting held on March, 17, 2017 and were subsequently filed at the Mercantile Registry in Vizcaya.

BBVA Global Finance Limited

(A wholly owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A.)

Directors´ report for the year ended December 31, 2016

During 2016, the Company didn´t issue any Notes.

The issued and outstanding subordinated debt securities are guaranteed by its sole Shareholder: Banco Bilbao Vizcaya Argentaria, S.A.

The Company is managed by Parent´s personnel, and as a result of that, the Company does not have any personnel expenses.

Statement of comprehensive income

In 2016, the profit for the year amounted to $ U.S. 61,727.

The financial revenues amounted to $ U.S. 15,616,431 and the interest expense amounted to $ U.S. 15,378,468 in 2016.

In addition, in 2016, the general and administrative expenses amounted to $ U.S. 176,236.

Distribution of result

The distribution of the Company's loss for the year ended 2016 that will be proposed by the Board of Directors to the sole shareholder is as follows:

	U.S. Dollars
Net Profit for the year	61,727
	61,727
Distribution to:	
Retained earnings	61,727
	61,727

Treasury shares

At December 31, 2016, the Company had no treasury shares or shares of its Parent, Banco Bilbao Vizcaya Argentaria, S.A. and had not performed any treasury share transactions during the year.

The use of financial instruments may involve the transfer of one or more types of risk. The risks associated with these financial instruments are:

- Credit risk: this is the risk that one of the parties to the financial instrument agreement will fail to honour its contractual obligations due to the insolvency or incapacity of the individuals or legal entities involved and will cause the other party to incur a financial loss.

- Market risk: this arises as a consequence of holding financial instruments whose value may be affected by changes in market conditions, following is a summary of each of the components:

  i) Fair value interest rate risk: arises as a result of changes in market interest rates.

ii) Currency risk: arises as a result of changes in the exchange rate between currencies.

- Counterparty risk: since the counter party of the deposits is Banco Bilbao Vizcaya Argentaria, S.A. the Company considers that its exposure to counter party is not relevant.

- Liquidity risk: the Company obtains the liquidity required to meet interest payments, redemption of issues and the needs of its business activities from subordinated deposits on the issues arranged with Banco Bilbao Vizcaya Argentaria, S.A. or the credit facility maintained by its sole shareholder.

The Company (integrated in BBVA Group) is integrated in the global risk management system, developed by the group, based on three components: a corporate risk management structure, with segregated functions and responsibilities; a set of tools, circuits and procedures that make up the different risk management systems; and an internal control system.

Research and development

The Company did not have any research and development expenses.

Subsequent events

There were no relevant subsequent events to be mention.

Outlook

The Company will focus its strategy for the coming years, integrated on the strategy of the Group Banco Bilbao Vizcaya Argentaria, on managing the Issued Subordinated debt securities.

DECLARATION OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL REPORT

The members of the BBVA Global Finance Ltd Board of Directors hereby declare that, insofar as they know, the annual financial statements for 2016, approved by written resolutions dated 24 April 2017, drawn up under the applicable accounting standards, offer a faithful image of the net assets, financial situation and results of BBVA Global Finance Ltd, and that the management reports include a faithful analysis of the business earnings and the positions of BBVA Global Finance Ltd, along with the description of the main risks and uncertainties facing them.

Madrid, 24 April 2017

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Raúl Moreno Carnero
Director