GLOBAL WEALTH

Annual Report 2016

BBVA (Suiza) SA

Summary

* Cover photo: Miguel Vicario

Photo: Zurich Main Station, Switzerland

Letter from the Chairman

BBVA (Suiza) SA has ended 2016 with the conviction that our business model is following an excellent line, embracing a healthy ambition to continue attracting new value Clients to the Bank with a focus on raising AuM, as set out in our Strategic Plan.

The events we organised for new UHNWI Clients have proven to be an excellent channel for attracting new families within this vitally important group, looking after and cementing our relationships through our long-term approach.

During the year, we have worked tirelessly to strengthen an advisory model that allows us to forge the right links with our Clients and their families, increasing our knowledge of them and hence our capacity to create value.

However, economic recovery is still not forthcoming. The European Union is facing serious problems, and interest rates are at historic lows after the SNB introduced its negative interest rates policy in 2015. Further, regulatory requirements are becoming increasingly stringent, making the development of our activities as a Swiss bank an even more complex task.

Our new technology platform stabilised gradually over the year recently ended, significantly reducing operational risk and ensuring our capacity to adapt to important future regulatory demands. Looking back, it can be said that today we are an Entity with a technology structure that is sounder and less dependent on fluctuations in internal resources.

> “The commitment of our team at BBVA (Suiza) SA is to make the opportunities offered by this new era available to our Clients.”

Although I have been a Director of this Company for many years, 2016 is the first year that I am able to address you as Chairman of BBVA (Suiza) SA. My views are founded on an unshakeable confidence in our relationship model; a long-term model, as reflected by the number of years that our Clients have been with us. A model that guarantees objectivity in management, that is not product-centric but focused on creating value on the basis of our market vision and the strict application of our open architecture approach.

The commitment of our team at BBVA (Suiza) SA is to make the opportunities offered by this new era available to our Clients. We have followed this line for many years and even more so in these past 12 months, in which we all focused on the Bank’s greatest assets: our Clients, for whom we will continue to create opportunities in the future, continuously striving for excellence.

Welcome to BBVA (Suiza) SA.

Sincerely,

Dr. Michael Huber
Chairman
January 2017

Photo: Basel, Basel, Switzerland

Board of Directors and Steering Committee

Board of Directors - (Situation at 31 December 2016)

Full name	Post on Board of Directors	Type of directorship
Dr. Peter Altorfer (1) (until 28th April, 2016)	Chairman	Independent Member
Dr. Michael Huber (1) (from 28th April, 2016)	Chairman	Independent Member
Mr. Eduardo de Fuentes (from 28th April, 2016)	Member	BBVA
Mr. Humberto García (from 28th April, 2016)	Member	BBVA
Ms. Ana Fernández (until 28th April, 2016)	Member	BBVA
Mr. Roberto Hayer (1) (from 28th April, 2016)	Member	Independent Member
Mr. Emilio de las Heras (until 28th April, 2016)	Vice Chairman	BBVA
Dr. Michael Huber (1) (until 28th April, 2016)	Member	Independent Member
Mr. Juan Pérez (until 28th April, 2016)	Member	BBVA
Ms. Carmen Pérez (from 28th April, 2016)	Member	BBVA

(1) Independent Member of the Board of Directors according to FINMA Circular 2008/24, mn 19.

Steering Committee - (Situation at 31 December 2016)

Full name	Post on Steering Committee
Mr. Alfonso Gómez	General Manager
Mr. Francisco Javier Arranz	Senior Vice President
Mr. Iñigo Berasaluce	Senior Vice President
Mr. Daniel Cubero	Senior Vice President
Mr. Martin Menzi	Senior Vice President
Mr. Juan Carlos Muñoz	Senior Vice President
Mr. Sergio Pedrosa	Senior Vice President
Ms. Janet Pitán	Senior Vice President
Mr. Alberto Villasán	Senior Vice President

Internal Auditor - (Situation at 31 December 2016)

Full name	
Mr. Jordi Borja (until 1st April 2016)	Internal Auditor
Mr. Rafael Párrizas (from 1st April 2016)	Internal Auditor

Photo: Börse, Zurich, Switzerland

Economic Environment

"2016 confirmed the different slant of the Fed's monetary policies (more bullish in rates) and the ECB's (maintaining monetary stimuli)."

"It was also a year of contrasts in terms of economic growth by geographic regions."

Economic Environment

A year of contrasts in terms of monetary policy between geographic regions...

2016 confirmed the different slant of the Fed's monetary policies (more bullish in rates) and the ECB's (maintaining monetary stimuli), which had a major effect on forex developments, with large gains by the dollar against almost all world currencies, comparable to 2002.

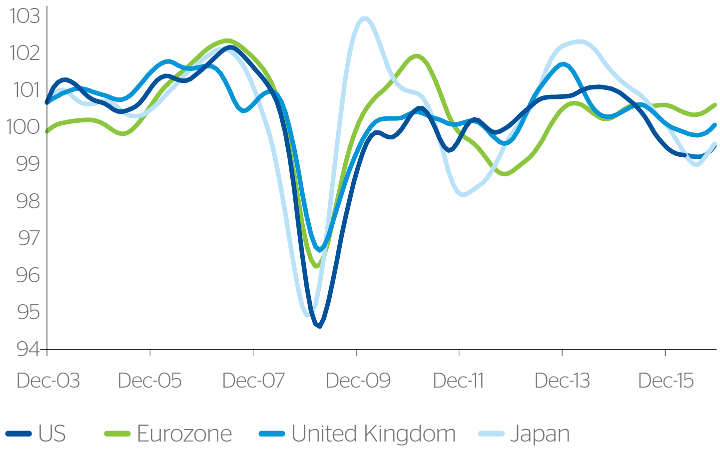
Mexico's peso and the Turkish lira took particularly hard falls despite measures taken by their central banks, buying currencies and raising interest rates in a bid to curtail the downturn.

There price of oil also rose, in the wake of OPEC agreements to cut back production and the low prices observed at year-end 2015.

... and also in terms of economic growth.

It was also a year of contrasts in terms of economic growth by geographic regions. The United States led the developed nations once more with nominal growth rates running at around 3%, while nominal growth in 2016 in the Eurozone was slightly over 0%, though final figures are still pending.

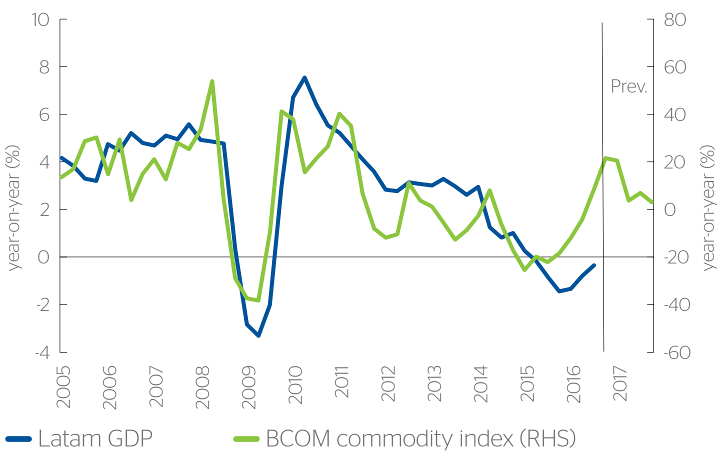
Long term indicators, developed nations



Source OECD, 100 = growth trend

The Chinese economy showed growth almost 6%, although most of this is accounted for by debt issues which continue to break records. Economic growth is steady in Latin America, though still in negative territory, helped along by higher prices for oil and positive US dynamics.

Latam GDP and price of commodities



Source: Datastream, BBVA AM

With lower business profits ....

Estimates of business profits since early 2016 fell from 6.8% to 1.3% in the United States and from 6.5% to -1.6% in Europe, and stand at 11.6% and 13.6% for 2017 and 11.8% and 10.1% for 2018 respectively.

... and risk assets supported by the monetary policies operated by central banks.

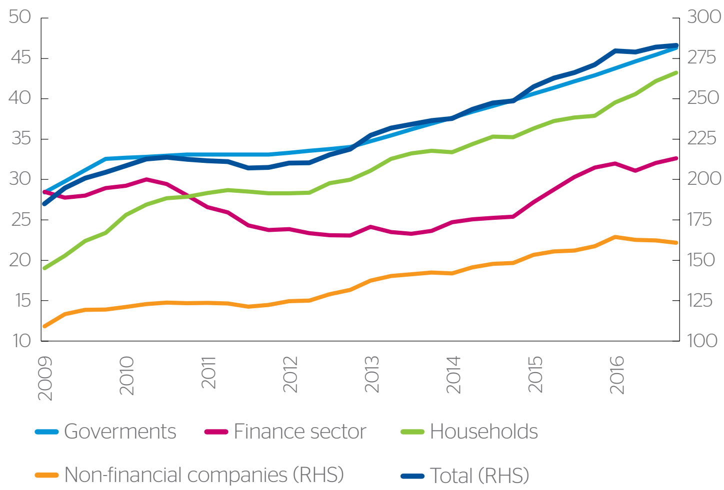
Risk asset valuations are still carried along by the hyper-accommodative policies of the major central banks, with considerable differences between geographic regions and countries.

Financial assets in the United States, for example, were among those riding the highest, whereas their counterparts in European peripheral countries were the main losers in terms of profitability, with Italian and Spanish stock markets trailing at the rear in the Eurozone.

Debt continues to rise ...

Despite generally good growth figures and burgeoning on most finance markets, the high levels of debt shouldered by most economic players in many countries are still causing concern.

China: Total debt by sectors (% GDP)



Source: Datastream

One such example is Spain, where public debt is now almost 100% of GDP, compared to less than 40% since the advent of the crisis. Another is China, where aggregate debt has reached a record high at almost 300% of GDP, casting many doubts on its future economic performance.

There are similar debt figures in other countries such as the United States or the United Kingdom, where it is running at over 300% of GDP, or Japan, where it exceeds 400%.

... as does political instability.

Excess debt and structural problems in many economies also led to political instability - Brexit, for instance, at the end of June, or the unexpected victory of Donald Trump in mid-November.

This political situation could have far-reaching economic consequences. It could further weaken the European Union and lead to greater protectionism in the United States, which could have an adverse impact on certain exporting economies such as Mexico.

New uncertainties for 2017.

All the indications are that 2017 will be a year of new economic and political uncertainties, although economies will continue to receive assistance from governments and central banks.

We are concerned by a number of finance markets, such as the credit market, where fundamentals have been seriously impaired by large amounts of corporate debt, which could add more stress to assets such as the corporate bond or equity markets.

We will still be seeing a strong dollar shored up by higher interest rates in the US, but we believe the Fed's rate hikes are limited in view of the large amounts of debt shouldered by world economies.

Photo: Fountain in Lucerne, Switzerland

Management Report

“BBVA (Suiza) SA firmly believes that its employees are decisive to generating value.”

“One of our strategic priorities is to create and retain a first class workforce.”

Management Report

HR Review

BBVA (Suiza) SA firmly believes that its employees are decisive to generating value. One of our strategic priorities is to create and retain a first class workforce. We aim to build a long-lasting relationship with all employees, and ensure that it prospers throughout their career. We are convinced that everyone has something to contribute and we are creating an environment in which new ideas are generated and innovative ways of doing things are proposed.

BBVA Suiza is strongly committed to equal opportunities and transparency. Our teams are provided with the means to enable them to advance professionally through provision of training programs.

These initiatives ensure that knowledge is continually being updated, which is vital for the Bank and its employees to excel. The diversity within the Group's global structure, together with existing HR management systems, mean talented professionals are identified and nurtured regardless of their location. All these elements form part of a common framework or mobility policy, which includes models for covering vacant job positions, in national and international assignments.

We encourage our employees to participate in the sports and cultural events organized by the company, which have an extraordinarily positive impact on satisfaction, engagement and performance.

BBVA

Croix-Rouge suisse
Schweizerisches Rotes Kreuz
Croce Rossa Svizzera

BBVA Global Wealth paints Red Cross blue

Dear colleagues

For many people, Christmas is a time of excess, with sumptuous food and lots of presents. Others have very little, even at Christmas. That's why BBVA (Suiza) will support this year the campaign of Red Cross "2 x Christmas". From **5th of December 2016 until 22nd of December 2016** we will collect in HR Office following goods for sending them to Red Cross:

- Non-perishable foodstuffs such as pasta, rice, oil and tinned goods with a shelf life of at least six months
- Toiletries such as soap, shampoo and toothpaste
- School equipment such as stationery, crayons and exercise books for children
- New children's shoes

Be part of this charity campaign and contribute donating this Christmas. Your charity will be rewarded with a little gift.

More information: https://www.2xweihnachten.ch/en

Corporate social responsibility (CSR) is an integral part of our business strategy. In 2016 BBVA Suiza formed part of the Red Cross charity campaign, contributing through donations.

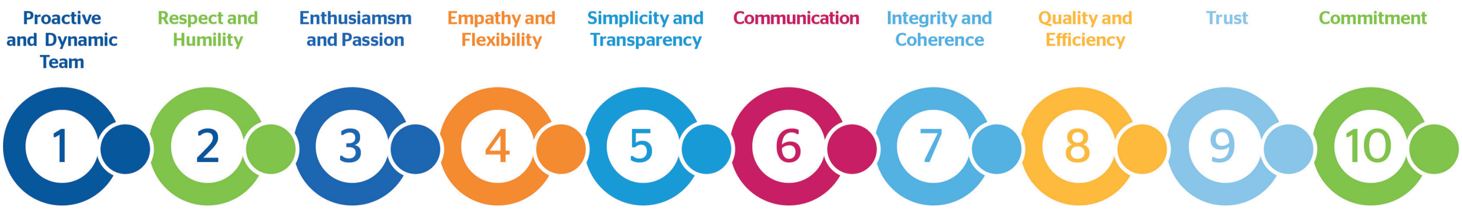
Our Decalogue

90 percent of employees took part in the design and creation of a set of behavioral guidelines towards our internal and external clients. These guidelines were developed in accordance with the Group's values and with the Strategic Priority of enhancing the Client experience.

Employees took part in ten working groups and in different seminars they debated and agreed the 10 key principles that serve to guide all our interactions with Clients.

Proactivity, Respect, Flexibility, Transparency, Efficiency, Integrity, Enthusiasm, Communication, Trust and Commitment plot out our Decalogue.

The company, on average, had 122 full-time equivalent employees to 31 December 2016.



BBVA (Suiza) SA overview: business performance and future outlook

Business performance

The Bank's core businesses are private banking, especially asset management and investment advisory services, as well as the lending business for private Clients. We strengthen our Clients' assets, through the following services and solutions:

- Innovative wealth management models: Discretionary Management and Advisory model.
- Integrated financial solutions in our Multi-Family Office service.
- A team of specialists with expertise in estate planning and credit solutions, positioning us as an ideal partner for building strong relationships over the long term.

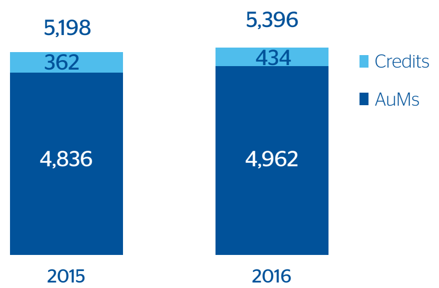
Our purpose is to achieve maximum optimization of Client capital within the framework of the BBVA Group in Switzerland

Client Assets & Liabilities

Assets under Management grew by 2.6% in 2016, reaching CHF 4.962 billion. The increase was as a result of positive net new assets, USD appreciation, and favorable market developments. Lending activity grew at an even faster pace, increasing by CHF 72 million. Credit activity has risen by 33.5% since 2013.

Overall, our Clients Assets and Liabilities (CALs) reached CHF 5.396 billion in 2016, an increase of 3.8% on the previous year.

The chart below provides information regarding the YTD figures for Assets under Management (AuMs) and lending activity.



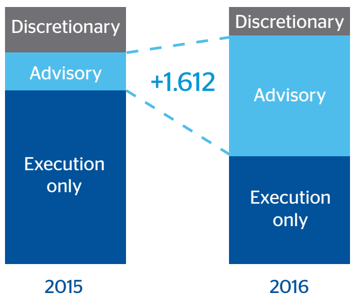
Figures in CHF million

Net new assets are form of new Client acquisitions and departures, as well as inflows and outflows attributable to existing Clients (whether in cash or securities). The geographic diversification of our Clients, mainly located in Latin America and Europe, helped our net new money to achieve a positive overall result. Net capital inflows were + CHF 44 million once adjusted for double accounting criteria.

The 1.6% appreciation of the USD had a positive impact on the end of year figure for Client Assets and Liabilities.

Favorable market movements in the second half of the year following Brexit, further boosted the value of Clients' assets.

2016 saw the consolidation of Advisory services. This Advisory model offers tailored financial solutions to wealthy private clients to meet their personal investment needs. Since the launch of the Advisory service in 2015, total assets under this mandate have surged from CHF 39 million last year to CHF 1.651 billion as of December 2016. Most of our Clients from Advisory services have switched from execution only mandates.



Figures in CHF million

Results

Our 2016 results were affected by several factors. Firstly, the historically low interest rate environment for both CHF and EUR has adversely affected our Net Interest Margin. Secondly, a provision release of CHF 2 million had a positive effect on our Net Income.

Gross Income

Gross Income reached CHF 51.95 million compared to CHF 56.58 million in 2015. The decrease in Net Interest Income and Net Commission Income primarily reflected the challenging competitive environment and a seasonal slowdown in Client activity exacerbated by complex market conditions.

Net Interest Income was driven by two main sources, the interest income on own portfolio and interest from Clients. Total Net Interest Income was CHF 13.51 million, 6.89% lower 2015, primarily due to the low interest rate environment.

Lower portfolio interest income was the main factor behind this decline, coming in at CHF 7.33 million and down 31.71%. This was due to the negative interest rate environment associated with quantitative easing in CHF and EUR.

By contrast, interest from Clients closed the year at CHF 6.33 million, up 54.24% compared to 2015, on the back of an increase in lending activity and the rising USD base rate. Libor-3M rose sharply from 0.61% to 0.99% through 2016.

Our **Net Commission Income** stood at CHF 35.80 million, a decrease of 7.16% in YoY terms, mainly due to lower service commissions. Nevertheless, net brokerage commissions, which are directly related to commercial activity, help up at CHF 11.30 million compared to CHF 11.10 million last year.

Results from trading activities and the fair value option declined by 43.2% YoY to CHF 2.48 million, due to lower currency volatility and fewer foreign exchange transactions. By contrast, **other results from ordinary activities**, were positive at CHF 0.16 million following a loss of 0.86 million in 2015.

Despite market pressure on margins, our RoCAL performed remarkably well, delivering 87 basis points.

Total **operating expenses** were CHF 40.12 million; down 3.12% on last year. **Personnel expenses** closed 2016 at CHF 26.63 million, representing a 3.12% reduction on 2015. **General expenses** were 11.76 million, up 11.20%, while **depreciation** stood at CHF 1.74 million, down 43.58% or CHF1.34 million lower than 2015, as a consequence of last year's early amortization during the IT outsourcing process.

On the basis of the above, the cost/income ratio closed the year at 77.2%.

Extraordinary income had a positive impact of 2.28 million, due to the previously mentioned provision release.

Recognized **Net Income** reached CHF 10.88 million compared to CHF 8.65 million in 2015, which represents a 25.31% increase compared to the previous year.

Solvency

The capital ratio is defined as the proportion of the bank's capital in relation to its risk-weighted assets. Asset weights are defined by risk-sensitivity ratios. Our balance sheet positions and off-balance sheet exposures translate into Risk Weighted Assets (RWA) that are categorized into market, credit and operational.

Market risk RWA portrays the capital requirements resulting from potential changes in the fair value of financial instruments in response to market movements inherent in both balance sheet and off-balance sheet items.

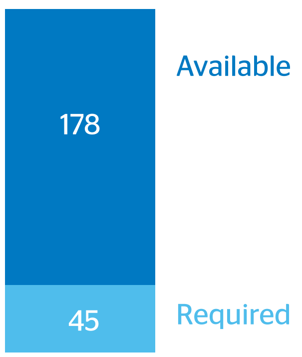
Counterparty credit risk RWA reflects capital requirements arising from possible losses due to the counterparty **failing to meet its financial obligations or as a result of deterioration in the credit quality of the counterparty.**

Operational risk RWA reflects the capital requirements relating to the risk of loss resulting from inadequate internal processes, people and systems, or from external events.

The Bank's solvency position remains one of the best in the entire Swiss national banking system. Our capital strength is vital to supporting our strategy and competitive position.

Our company has a very comfortable capital position although a slight decrease of the ratio. Tier I ratio is 43.33% as of the end of year one of the highest in the Swiss banking industry.

The following graph reflects today's position of capital. The capital required already includes Buffer for Basel III (totaling 11.2%).

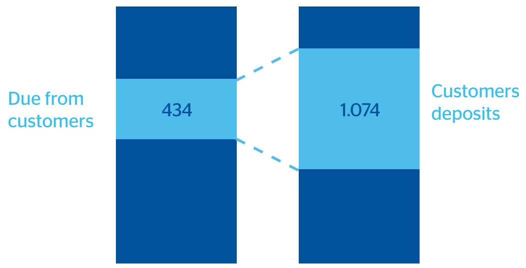


Figures in CHF million

Liquidity

Basel III rules require the Liquidity Coverage Ratio (LCR) to be disclosed. This ratio ensures that the Bank has sufficient liquidity for 30 days to face any extreme scenario. BBVA Suiza calculated our LCR under supervisory guidance from FINMA. The metric came in at 209 basis points well above requirements.

As shown in the following chart, our comfortable liquidity position is the result of a high structural ratio between what is owed to us by Clients and their deposits.



Figures in CHF million
Note: In terms of structural liquidity we exclude the cash from discretionary mandates.

The NSFR will become a minimum standard on January 1, 2018; from then on banks will be required to comply with disclosure requirements controlled by the SNB. The Funding Ratio (NSFR), is one of the Basel Committee's key reforms to promote a more resilient banking sector. The NSFR will require banks to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. A sustainable funding structure is intended to reduce the likelihood that disruptions to a bank's regular sources of funding will erode its liquidity position in a way that would increase the risk of its failure and potentially lead to broader systemic stress.

The NSFR is defined as the amount of available stable funding relative to the amount of required stable funding. This ratio should be equal to at least 100% on an on-going basis. "Available stable funding" is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year.

The amount of such stable funding required of a specific institution is a function of the liquidity characteristics and residual maturities of the various assets held by that institution as well as those of its off-balance sheet (OBS) exposures.

As of December 2016, the NSFR for BBVA Suiza was 218%, which is more than 2 times the required.

Extraordinary events

Some events had an impact on the activity and results of the bank. However, no extraordinary events warrant special mention in 2016.

Bank Risk Assessment

The Bank's Board of Directors is kept informed through regular meetings to review the Bank's exposure to the following risks: credit risk, market risk, operational risks, legal risks, compliance, reputational and fiduciary risk.

Risk analysis is carried out systematically and assesses bank-specific risk categories according to potential impact. The Board monitored the risk assessment during the 2016 financial year in its quarterly meetings.

Future Outlook

We enter 2017 facing a combination of circumstances which undoubtedly pose a challenge for the entire financial industry. We tackle them with the absolute conviction that behind each of these difficulties lie huge opportunities, although not without their own complexities as regards execution.

We can say, without risk of error, that we are experiencing the most complex geopolitical environment since Second World War, with an unprecedented economic crisis stemming from the tremendous leverage of the world's economies and even more so, from a deep political crisis, where leadership is necessary to undertake the relevant structural reforms.

At BBVA Suiza our mission is to remain very close to our Clients, by enabling their access through alternative digital channels and by promoting a service of excellence.

In a context where we question the value of much of the underlying assets listed on the market and advise strong precaution in investments in view of potential corrections, it will be crucial to visualize specific opportunities and preserve the wealth of our Clients.

We shall continue with a scenario of low interest rates, which although necessary to reduce global leverage, will lead to a clear reduction of margins in the market as a whole.

Complying with regulations and regulatory requirements will also be an important responsibility for 2017, and we make a firm commitment to implementing with the utmost rigor all of our obligations in regulatory matters, with special focus on MiFID II and on addressing, in a highly ambitious undertaking, the Automatic Exchange of Information (CRS). In relation to the CRS, we are wholly convinced that this will represent a turning point for all players in this industry, breaking paradigms for Switzerland, and giving us the possibility to showcase those values that really set this country apart in the area of competitive advantages: stability, diversification and access to a big range of global assets, which are the element required by all of our Clients who are based in emerging economies.

In short, we shall also work in 2017 to create opportunities for our most important assets: our CLIENTS.

Photo: Art Basel, Basel, Switzerland

Financial Statements

"BBVA (Suiza) SA
is a corporation
under Swiss law
and is headquartered
in Zurich."

Financial Statements

Balance Sheet

Assets
(In CHF)

	31.12.2016	31.12.2015
Liquid assets	73,455,223	105,219,045
Amounts due from banks	174,987,562	101,398,347
Amounts due from securities financing transactions	69,744,669	-
Amounts due from customers	433,754,866	361,523,908
Trading portfolio assets	-	2,019
Positive replacement values of derivative financial instruments	3,058,462	3,792,214
Financial investments	630,503,893	537,036,634
Accrued income and prepaid expenses	20,356,886	16,320,865
Participations	3,002	3,002
Tangible fixed assets	8,640,986	9,389,288
Other assets	1,749,665	2,252,511
Value adjustments for default risks (transitional regulation)	-3,261,000	-3,444,000
TOTAL ASSETS	**1,412,994,214**	**1,133,493,833**

Liabilities and shareholders’ equity
(In CHF)

	31.12.2016	31.12.2015
Amounts due to banks	3,513,652	33,300,058
Trading portfolio liabilities	459,772	-
Amounts due in respect of customer deposits	1,207,295,310	897,144,018
Negative replacement values of derivative financial instruments	1,770,567	3,334,799
Accrued expenses and deferred income	10,117,290	10,433,666
Other liabilities	3,629,923	7,282,623
Provisions	970,927	3,315,927
Bank’s capital	72,500,000	72,500,000
Statutory retained earnings reserve	37,200,000	37,200,000
Voluntary retained earnings reserve	64,660,995	60,339,246
Profit carried forward/loss carried forward	-	-
Profit (result of the period)	10,875,778	8,643,496
TOTAL LIABILITIES	**1,412,994,214**	**1,133,493,833**

Off-balance sheet transactions
(In CHF)

	31.12.2016	31.12.2015
Contingent liabilities	92.883.326	117.025.953
Irrevocable commitments	2.886.000	3.112.000

Income Statement

(In CHF)

	31.12.2016	31.12.2015
RESULTS FROM INTEREST OPERATIONS		
Interest and discount income	6,120,410	4,151,629
Interest and dividend income on trading portfolios	7,193	1,222
Interest and dividend income on financial investments	7,331,900	10,745,725
Interest expense	-127,643	-109,921
Gross result from interest operations	**13,331,860**	**14,788,655**
Changes in value adjustments for default risks and losses from interest operations	183,000	-277,511
SUBTOTAL NET RESULT FROM INTEREST OPERATIONS	**13,514,860**	**14,511,144**
RESULT FROM COMMISSION BUSINESS AND SERVICES		
Commission income from securities trading and investment activities	34,907,722	39,343,680
Commission income from lending activities	791,380	848,108
Commission income from other services	1,860,820	802,251
Commission expenses	-1,759,887	-2,436,472
Subtotal result from commission business and services	**35,800,035**	**38,557,567**
Result from trading activities and the fair value option	**2,477,594**	**4,364,034**
Other result from ordinary activities		
Result from the disposal of financial investments	895,711	103,907
Income from participations	718	2,479
Other ordinary income	3,537	335
Other ordinary expenses	-738,630	-967,229
SUBTOTAL OTHER RESULT FROM ORDINARY ACTIVITIES	**161,336**	**-860,508**

Operating expenses
(In CHF)

	31.12.2016	31.12.2015
Personnel expenses	-26,628,216	-27,766,302
General and administrative expenses	-11,746,806	-10,562,990
SUBTOTAL OPERATING EXPENSES	**-38,375,022**	**-38,329,292**
GROSS PROFIT	**13,578,803**	**18,242,945**
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	-1,740,929	-3,085,845
Changes to provisions and other value adjustments, and losses	2,279,904	-3,068,259
OPERATING RESULT	**14,117,778**	**12,088,841**
Extraordinary income	-	27,723
Extraordinary expenses	-	-1,480
Taxes	-3,242,000	-3,471,588
PROFIT (RESULT OF THE PERIOD)	**10,875,778**	**8,643,496**

Proposed appropriation/ coverage of losses/ other distributions
(In CHF)

	31.12.2016	31.12.2015
Profit	**10,875,778**	**8,643,496**
+/- profit / loss carried forward	-	-
=Distributable profit	10,875,778	8,643,496
Appropriation of profit/ coverage of losses	**-**	**-**
Appropriation of profit	-	-
Allocation to statutory retained earnings reserve*	-	-
Allocation to voluntary retained earnings reserve	5,437,889	4,321,749
Distributions from distributable profit	5,437,889	4,321,747
New amount carried forward	-	-
Other distributions		
Voluntary retained earnings reserve	64.660.995	-
Appropiation of voluntary retained earnings reserve	-	-
Distribution from voluntary retained earnings reserve	64.660.995	-
Allocation from distributable profit	5.437.889	-
New amount voluntary retained earninsg reserve carried forward	5.437.889	-

* As the statutory retained earnings reserve already exceeds 50% of the share capital, no further allocations are proposed.

Cash Flow Statement

(In 000 CHF)

	2016		2015	
	Cash inflow	Cash outflow	Cash inflow	Cash outflow
CASH FLOW FROM OPERATING ACTIVITIES (INTERNAL FINANCING)				
Result of the period	10,876	-	8,643	-
Change in reserves for general banking risks	-	-	-	-
Value adjustments on participations, depreciation and amortisation of tangible fixed assets and intangible assets	1,741	-	3,086	-
Provisions and other value adjustments	-	2,000	-	7,835
Change in value adjustments for default risks and losses	-	528	313	-
Accrued income and prepaid expenses	-	4,036	1,926	-
Accrued expenses and deferred income	-	317	-	15,148
Other items	-	3,150	1,295	-
Previous year's dividend	-	4,322	-	-
SUBTOTAL	**12,617**	**14,353**	**15,263**	**22,983**
CASH FLOW FROM SHAREHOLDER'S EQUITY TRANSACTIONS				
SUBTOTAL	**-**	**-**	**-**	**-**
CASH FLOW FROM TRANSACTIONS IN RESPECT OF PARTICIPATIONS, TANGIBLE FIXED ASSETS AND INTANGIBLE ASSETS				
Other tangible fixed assets	-	993	-	5,838
SUBTOTAL	**-**	**993**	**-**	**5,838**

(In 000 CHF)

	2016		2015	
	Cash inflow	Cash outflow	Cash inflow	Cash outflow
CASH FLOW FROM BANKING OPERATIONS				
MEDIUM AND LONG-TERM BUSINESS (> 1 YEAR)	-	-	-	-
Amounts due to banks	-	-	-	-
Amounts due in respect of customer deposits	-	-	-	-
Liabilities from other financial instruments at fair value	-	-	-	-
Cash bonds	-	-	-	-
Bonds	-	-	-	-
Central mortgage institution loans	-	-	-	-
Loans of central issuing institutions	-	-	-	-
Other liabilities	-	-	-	-
Amounts due from banks	-	-	-	-
Amounts due from customers	-	8,854	-	9,137
Mortgage loans	-	-	-	-
Other financial instruments at fair value	-	-	-	-
Financial investments	167,598	-	63,643	-
Other accounts receivable	-	-	-	-
SHORT-TERM BUSINESS	-	-	-	-
Amounts due to banks	-	29,786	18,643	-
Liabilities from securities financing transactions	-	-	-	-
Amounts due in respect of customer deposits	310,151	-	2,444	-
Trading portfolio liabilities	460	-	-	-
Negative replacement values of derivative financial instruments	-	1,564	480	-
Liabilities from other financial instruments at fair value	-	-	-	-
Amounts due from banks	-	73,589	53,233	-
Amounts due from securities financing transactions	-	69,745	-	-
Amounts due from customers	-	63,377	-	44,581
Trading portfolio assets	2	-	113	-
Positive replacement values of derivative financial instruments	734	-	-	613
Other financial instruments at fair value	-	-	-	-
Financial investments	-	261,065	14,899	-
LIQUIDITY	-	-	-	-
Liquid assets	31,764	-	-	85,566
SUBTOTAL	**510,709**	**507,980**	**153,454**	**139,897**
TOTAL	**523,326**	**523,326**	**168,718**	**168,718**

Statement of Changes in Equity

(In 000 CHF)

	Bank's capital	Capital reserve	Retained earnings reserve	Reserves for general banking risks	Currency translation reserves	Voluntary retained earnings reserves and profit/loss carried forward	Own shares (negative item)	Minority interests	Result of the period	Total
EQUITY AT START OF 2016	**72,500**	**-**	**37,200**	**-**	**-**	**60,339**	**-**	**-**	**8,643**	**178,683**
Dividends and other distributions	-	-	-	-	-	-	-	-	- 4'321	-
Other allocations to (transfers from) the other reserves	-	-	-	-	-	+4'322	-	-	- 4'322	-
Profit / loss (result of the period)	-	-	-	-	-	-	-	-	10,876	-
EQUITY AT END OF 2016	**72,500**	**-**	**37,200**	**-**	**-**	**64,661**	**-**	**-**	**10,876**	**185,237**
Equity as of balance sheet	72,500	-	37,200	-	-	64,661	-	-	10,876	185,237

Notes to Annual Financial Statements

1. Name of the Bank, legal form and domicile

BBVA (Suiza) SA is a corporation under Swiss law and is headquartered in Zurich. The bank is a subsidiary of BBVA LuxInvest S.A., Luxembourg and Banco Bilbao Vizcaya Argentaria S.A., Bilbao. In turn, BBVA LuxInvest S.A., Luxembourg is a fully-owned subsidiary of Banco Bilbao Vizcaya Argentaria S.A., headquartered in Bilbao, Spain.

The Bank appointed a representative in Colombia that was approved by the Superintendencia Financiera de Colombia in September 2015. Since then the Bank promotes certain financial services through the branch network of BBVA Colombia S.A.

2. Accounting and valuation policies

2.1. Basis

The Bank's statutory financial statements are presented in accordance with the requirements of the Swiss Financial Market Supervisoy Authority FINMA Circular 15/1 concerning the preparation of financial statements for banks, the Swiss Banking Act and the Swiss Code of Obligations..

2.1.1. Valuation policies

The valuations conform to the basic principles of materiality, prudence, consistency and the continuance of business activity as a going concern.

Items are entered in the balance sheet as assets if due to past events they may be disposed of, a cash inflow is probable and their value can be reliably estimated. If no reliable estimate of the value of an asset can be made, it is considered to be a contingent asset and disclosed in the notes.

Liabilities are entered on the balance sheet as borrowed capital if they have been caused by past events, a cash outflow is probable and their value can be reliably estimated. If no reliable estimation can be made, it is considered to be a contingent liability and disclosed in the notes.

Balance sheet positions are valuated individually.

Offsetting and netting of Assets and Liabilities and Income and Expenses are in principle not performed. Netting of Assets and Liabilities is only applied in the following cases:

- Offsetting of positive and negative changes in book value with no income effect in the current period in the compensation account.
- Netting of positive and negative replacement values of derivative financial instruments including the associated cash holdings deposited as collateral (e.g. margin accounts), provided a bilateral agreement to this effect has been concluded with the counterparty concerned and that agreement can be shown to be recognised by and enforceable under the legal systems set out below.
- The deduction of value adjustments from the corresponding asset item. In conformity with the transitional provision of Article 69 of the Bank Ordinance, paragraph 1, value adjustments for default risks are considered in the reporting year as a total amount registered under the Balance Sheet position "Value adjustments for default risk (transitional regulation)".

2.1.2. Financial Instruments

Liquid Assets

These items are stated at their nominal value.

Amounts due from Banks and Amounts due from Customers

These items are stated at their nominal value less any necessary value adjustments.

Amounts due in respect of precious metal account deposits are valued at fair value if they are traded on a price-efficient, liquid market.

Claims, are tested for the need of an impairment on an on-going basis. Loans and advances to clients are regarded as being impaired when the contractually-agreed capital and/or interest payments have been due for more than 90 days and the estimated realization value of the collateral is insufficient to cover the impairment. Individual value adjustments are recorded for non-performing loans and calculated as the difference between the gross debt amount and the estimated realization value of the collateral.

Value adjustments for default risks which are no longer economically necessary and are not simultaneously used for other requirements of the same type will in principle be released to income via the income statement item "Changes in value adjustments for default risks and losses from interest operations".

Non-performing loans are reclassified as fully performing again, if the outstanding capital and interest payments are received on time in accordance with the contractual obligations.

Amounts due to Banks and Amounts due in respect of Customers Deposits

These items are stated at their nominal value.

Amounts due in respect of precious metal account deposits are valued at fair value if they are traded on a price-efficient, liquid market.

Trading portfolio assets

The trading portfolio assets are principally valued and accounted for at fair value. Fair value is regarded as the price available on a price-efficient and liquid market or the price determined by a valuation model. If, in exceptional cases, no fair price is available, the valuation and accounting item will be based on the lower of cost or market principle.

Results from trading activities are reported in the income statement item "Result from trading activities and the fair value option". Interest and dividend income from trading portfolios are reported in the income statement item "Interest and dividend income from trading portfolios". There are no refinancing costs credited to the "Interest and discount income" item.

Positive and negative replacement values of derivative financial instruments

All derivative financial instruments are part of the trading portfolio and valued at fair value, which is based on market prices.

The positive and negative replacement values are included under the corresponding positions in the balance sheet.

The valuation result and the realized trading result are recognized in the income statement in the item "Result from trading activities and the fair value option".

Positive and negative replacement values against the same counterparty are not netted, as currently no netting-agreements are in place.

Financial Investments

Financial investments which do not belong to the trading portfolio, are valued at the lower of cost or market value, as long as there is no intention to hold on to such securities until maturity. The evaluation is recognised in the items "Other ordinary expenses" and "Other ordinary income" in the income statement.

Debt securities intended to be held to maturity are valued according to the accrual method. In this case, the premium and discount in the balance sheet item is deferred over the term up to maturity. Interest-related realized profits or losses from premature sale or redemption are deferred over the remaining term, i.e. up to the original maturity and recognized in the item "Others assets" respectively "Other liabilities". Changes in value due to credit worthiness will be recognized immediately in the income statement within the item "Changes in value adjustments for default risks and losses from interest operations".

Equity securities are valued according to the lower of cost or market value. Value adjustments will be recorded net via the items "Other ordinary expenses" or "Other ordinary income".

Value adjustments in form of individual or latent risk value adjustments are deducted from the referred values. In conformity with the transitional provision of Article 69 of the Bank Ordinance, paragraph 1, this value adjustments are considered in the reporting year as a total amount registered in the Balance Sheet position "Value adjustments for default risks (transitional regulation)".

Participations

The term participations covers equity securities owned by the bank in undertakings, where those securities are held with the intention of a permanent investment, irrespective of the percentage of voting shares held.

Participations are valued at acquisition cost less economically necessary value adjustments.

The Banks does not currently hold any material participations.

Tangible Fixed Assets

Investments in new fixed assets are capitalized and valued according to the historical cost principle if they are used for more than one accounting period and if they exceed the minimum capitalization threshold, which amounts to CHF 1,000. Investments in existing fixed assets are capitalized if, by this, the market or utility value is increased substantially or if the useful life is increased by a considerable amount.

In subsequent years, the fixed assets are accounted for according to the historical cost principle minus the accumulated depreciation. The depreciation recorded is based on the estimated useful life of the investment. The estimated useful lives of individual fixed asset categories are as follows:

▪ Reconstruction	5-15 years
▪ Furnishings	5 years
▪ Hardware	3 years
▪ Software*	3 and 10 years
▪ Office machines	3 years
▪ Miscellaneous	3 years

*including one-off purchases of Software licenses and first instalment investments.

Tangible fixed assets are tested for impairment at each balance sheet date. The review is based on substantial indications that lead to the assumption that such an impairment exists. In such case the recoverable amount will be determined. A fixed asset is impaired when the book value exceeds the recoverable amount. Any necessary additional depreciation is recorded in the ordinary depreciation account.

Gains or losses realised from the disposal of tangible fixed assets are recorded under the item "Extraordinary income" respectively "Extraordinary expenses".

Provisions

Legal and factual obligations are valued on a regular basis. Where a cash outflow is probable and can be reliably estimated, a provision in the corresponding amount will be created. Existing provisions are subjected to a reassessment on each balance sheet date. Based on mentioned reassessment provisions are increased, maintained or released. Provisions are recorded under the following income statement items:

- Provisions for latent taxes via the item "Taxes".
- Provisions for pension benefit obligation via the item "Personnel expenses".
- Other provisions via the item "Changes to provisions and other value adjustments, and losses", with the exception of restructuring provisions that were created via the item "Personnel expenses".

Provisions that are no longer economically necessary and are not simultaneously used for other requirements of the same type will be released to income.

Taxes

Current taxes on the result of the reporting period are calculated in accordance with the tax-relevant profit ascertainment provisions and recorded as an expense in the accounting period, in which the respective profits arise.

Liabilities from current income taxes and capital taxes are to be disclosed in the item "Accrued expenses and deferred income". Current income taxes and capital tax expenses are reported in the income statement in the item "Taxes".

Off-balance sheet transactions

These are stated at nominal value. For foreseeable risks provisions will be constituted under the balance sheet's liabilities.

Pension Fund

The Bank has transferred all of its pension fund commitments to a collective foundation (a joint scheme of several employers). This is a legally-independent and fully-reinsured pension scheme. All of the company's Swiss-domiciled staff, except the expatriates that are insured by the parent company abroad, are members of this pension scheme:

- **As per January 1, upon reaching the age of 17 they are insured against invalidity and death.**
- **As per January 1, upon reaching the age of 24 they are also insured for retirement benefits and old age credits come due.**

The company pays fixed contributions and is not committed to pay additional contributions. The contributions to the pension fund are included in the item "Personnel expenses". Expatriates, for whom the pension fund is paid abroad by the parent company, are not included.

A potential benefit or liability is disclosed according to the accounting principles of Swiss GAAP FER 16.

Employee participation schemes

System of Variable Remuneration in Shares

The Bank has modified its remunerations policy for 2015, 2016 and 2017, in order to align itself more closely with market best practices, regulatory requirements and its internal organization and strategy. At the end of 2014 the Management Team Incentive (MTI) plan ended, unifying the variable remuneration components into a single annual incentive (the "Annual Variable Remuneration"). This policy for BBVA directors was approved at the General Meeting, March 13, 2015. The new remuneration policy also contains a specific settlement and payment scheme for Annual Variable Remuneration as it applies to the Identified Staff, The rules are as follows:

- The Annual Variable Remuneration of members of the identified Staff will be paid in equal parts in cash and BBVA shares.
- The payment of 40% of the Annual Variable Remuneration –50% in the case of executive directors and Senior Management– both in cash and shares will be deferred in its entirety for three years. Its accrual and payment will be subject to compliance with a series of multi-year indicators related to share performance and the Group's basic control and risk management metrics measuring solvency, liquidity and profitability, which will be calculated throughout the deferral period (hereinafter "Multi-Annual Assessment Indicators"). These Multi-year Performance Indicators may lead to a reduction in the amount deferred, and might even bring it down to zero, but they will not be used under any circumstances to increase the aforementioned deferred remuneration.
- All the shares vesting to these beneficiaries pursuant to the rules explained in the previous paragraph will be unavailable for six months after they have vested. This withholding will be applied against the net amount of the shares, after deducting the tax accruing on the shares received. A prohibition has also been established against hedging with unavailable vested shares and outstanding shares.
- Moreover, circumstances have been established in which the payment of the deferred Annual Variable Remuneration payable may be limited or impeded ("malus" clauses), and the adjustment to update these deferred parts has also been determined.
- Lastly, the variable component in the remuneration corresponding to any one financial year for people in the Identified Staff will have a maximum threshold of 100% of the fixed component of total remuneration, unless the General Meeting agrees to raise this threshold. However, under no circumstances may it exceed 200% of the fixed component of total remuneration.

The share-based compensation occur in true-equity instruments and therefore no subsequent valuation is carried out unless there are changes in the exercise or subscription conditions. Any differences are booked via the item "Personnel expenses" on settlement.

2.2. Disclosure about how the previous year figures were determined

Effective as of 1 January 2015, the bank adopted FINMA Circular 15/1 Accounting Banks.

In deviation from the Income Statement 2015 presented in the reporting year 2015 the penalty payment to the U.S. Department of Justice and related use of the provision has been reclassified from the Income Statement position "Extraordinary expenses" to the position "Changes to provisions and other value adjustments, and losses".

The below table provides with the restated "Operating expenses" figures 2015:

Operation expenses	2015	2015 (restated)
Gross Profit	**18'242'945**	**18'242'945**
Value adjustments on participations, depreciation and amortization of tangible fixed assets and intangible assets	-3'085'845	-3'085'845
Changes to provision and other value adjustments, and losses	597'413	-3'068'259
Operation result	**15'754'513**	**12'088'841**
Extraordinary income	27'723	27'723
Extraordinary expenses	-3'667'152	-1'480
Taxes	-3'471'588	-3'471'588
Profit (result of period)	**8'643'496**	**8'643'946**

2.3. Consistency in Accounting Policies and Valuation Principles

Starting June 30, 2016 the financial statements are generated applying the value-date principle for the following transactions:

- Money Market
- Customer loans and Deposits
- Stock Exchange transactions
- Corporate Actions
- Financial Investments and Trading Security Transactions
- Forex Spot
- Closing of the Forex Forwards

Foreign spot transactions, foreign exchange forwards and transactions in the Financial Investment and Trading portfolio which are not recognized in the balance sheet by value date are recorded in the off-balance sheet with their contract volume (market value of the position). The unrealized Profit and Loss (difference between the purchase/sale value and the market value) is balanced under the position "Positive Replacement value of derivative financial instruments" or "Negative replacement value of derivative financial instruments" against the Income Statement under the position "Result from trading activities and the fair value option".

All other transactions are recognized according to the trade-date principle.

Apart from the above mentioned the accounting and valuation principles have not changed compared to the previous year.

2.4. Recognition of business transactions

As a general rule the transactions are recorded on the transaction day (trade date accounting) except for the following transaction types, for which the value date accounting will be applied:

- Money Market
- Customer loans and Deposits
- Stock Exchange transactions
- Corporate Actions
- Financial Investments and Trading Security Transactions
- Forex Spot
- Closing of the Forex Forwards

All transactions are valued for earnings determination according to the above stated from this point in time onward.

2.5. Treatment of past due interest and related commissions

Interest and commissions which have been outstanding for more than 90 days are regarded as overdue. Overdue interest and commissions, which are unlikely to be recovered, are provisioned immediately. Loans are considered non-interest bearing when the recovery of the interest due is so doubtful that the deferral can no longer be regarded as reasonable.

2.6. Translation of Foreign Currencies

Assets and liabilities in foreign currencies are translated into Swiss francs at the valid exchange rates on the balance sheet date. Main exchange rates ruling at the balance sheet dates are as follows:

	31.12.2016	31.12.2015
USD 1	1.0179	1.0015
EUR 1	1.0723	1.0875
GBP 1	1.2566	1.4760
JPY 100	0.8702	0.8312

2.7. Disclosure concerning the treatment of the refinancing of trading positions

Refinancing costs from trading positions are not charged to the item "Result on trading activities".

3. Risk Management

The risk policy, which is examined each year by the Bank's governing bodies for its appropriateness, forms the basis of risk management. Clear limits are set for individual risks which are continuously monitored.

The Board of Directors of BBVA (Suiza) SA is fully committed to establishing an appropriate risk control environment. To this end, a periodically analysis of the Bank's risks is performed in a systematic and standardized manner. By using a global risk overview approach, relevant risks are reviewed and any deficiencies identified. The necessary controls are then implemented in order to mitigate these risks.

3.1. Market Risk

Market Risk is the possibility that losses will be incurred in portfolio value due to price changes in the financial markets. This risk can be eliminated by hedging or undoing the operation.

There are four major risk factors affecting market prices: Interest rates, FX rates, equity and commodities. Furthermore, and for certain positions, it is necessary to also consider non-linear risk, spread risk, base risk, volatility and correlation risk.

At BBVA Suiza, methodologies, limits, controls and scaling-up processes have been set up to provide adequate monitoring and hence pre-empt any loss caused by this risk.

3.2. Credit Risk

Credit Risk is the possibility that counterparty will not fulfil its contractual obligations concerning a particular operation.

Credit risk management at BBVA Suiza is underpinned by a global approach in each of the phases in the process: Analysis, approval, monitoring and, if necessary, recovery.

In addition an issuer Risk Framework for BBVA Suiza has been put in place, the aim of which is to specify processes and criteria for admitting, monitoring and controlling Credit Risk with issuers. This Framework defines products, issuers, instrument types, limits by rating and procedures for addressing overruns.

3.3. Interest Rate Risk

Structural interest rate risk is defined as the potential alteration that is caused in an entity's net interest income and/or in equity value due to a fluctuation in interest rates. A financial entity's exposure to adverse movements in interest rates is a risk inherent to banking activity which, at the same time, becomes an opportunity for creating economic value. Hence, interest rate risk must be managed in such a way that it does not become excessive in relation to the entity's capital and it maintains a reasonable relationship with expected financial income.

Interest rate risks from balance sheet and off-balance sheet business are monitored and controlled by the Assets and Liabilities Committee.

3.4. Operational Risk

Operational risks are defined as dangers of direct or indirect losses, which occur due to the inappropriateness or the failure of internal procedures, human resources or systems or due to external events.

The internal audit unit regularly examines the internal controls which include first level controls by the operating departments and second level controls are performed by control specialist units, who are responsible for designing and maintaining the OR model of the Bank.

3.5. Liquidity Risk

According to the Basel III minimum standards, BBVA (Suiza) SA meets not only stricter local liquidity adequacy requirements, but also internationally-harmonized quantitative liquidity requirements. The liquidity coverage ratio (LCR) addresses liquidity risk over a 30-day period. The LCR aims to ensure that banks have unencumbered high-quality liquid assets available to meet short-term liquidity needs under a severe stress scenario. Since 2015 it is being reported. On the other hand, the NSFR establishes criteria for a minimum amount of stable funding based on the liquidity of a bank's assets and activities over a one-year horizon. The NSFR will become a minimum standard on January 1, 2018, although the bank is already in an observation period.

Furthermore, the Bank performs stress tests in order to identify and quantify problems caused by extreme potential events (both internal and external assumptions) and thus, determine the consequences on its cash inflows and outflows and the Bank's overall liquidity position.

3.6. Fiduciary Risk

From the moment the client entrusts the management of their assets to BBVA (Suiza) SA, a fiduciary duty is assumed in appropriately managing all internal and external processes and relationships.

Managing in the best interest of the client according to their risk profile (Suitability) and with the same degree of caution as when managing our own resources are the basis for the decision- making bodies of business areas with fiduciary duties at the Bank.

The main management and mitigation tool for fiduciary risk is the establishment of policies and procedures to govern the actions taken by the business areas in line with defined principles. When managing fiduciary risk, special emphasis should be placed on the documentation of critical processes, such as the investment policy, risk management and valuation, management of conflicts of interest, selection of external financial service providers, the approval of new products, the code of conduct and the incentive policy.

3.7. Compliance and Legal Risks

The Compliance department and Legal Services ensure that business activities are in compliance with valid regulatory rules and the due diligence requirements of a financial intermediary. These departments are responsible for the monitoring of requirements and developments from the supervisory authorities, the legislator or other organizations. They are also responsible for ensuring that internal directives and regulations are kept up-to-date with regulatory developments and are being adhered to.

4. Explanation of the methods used for identifying default risks and determining the need for value adjustments

A risk analysis of our Lombard accounts is performed on a daily basis, and it relates the available collateral with the Overall Risk of the portfolio.

Our methodology, based on warnings, has been established in order to have the appropriate margin to react to possible markets moves that could affect the overall value of the account. This combined with our lending value methodology ensures that the assumed risk is adequate and can lead the Bank to a proper risk management.

5. Explanations of the valuation of collateral

The lending value calculation methodology ensures that each asset that serves as collateral in Lombard accounts, has a proper identification of the assumed risks.

Risks such as credit, liquidity and market are identified and measured according to the parameters established, so that an overall risk penalty is incorporated for each position. It is important to mention that the lending values are reviewed periodically in order to have an updated view of market movements.

6. Explanations of the Bank's business policy regarding the use of derivative financial instruments

Derivative financial instruments are used for trading and risk management purposes. Derivative financial instruments held for trading are carried out at fair value. For all positions traded on a price-efficient and liquid market, fair value is determined by the market value. In the absence of such a market, fair value is established using valuation models. Gains and losses (realized or unrealized) on derivatives used for trading purposes are recognized in the income statement under "Result from trading activities and the fair value option".

7. Explanation of material events occurring after the balance sheet date

No event occurred after the balance sheet date that might have a significant influence on the financial statements.

8. Information on the balance sheet

Table 1: Breakdown of securities financing transactions (assets and liabilities)
(In 000 CHF)

	31.12.2016	31.12.2015
Book value of receivables from cash collateral delivered in connection with securities borrowing and reverse repurchase transactions*	69,745	-
Book value of obligations from cash collateral received in connection with securities lending and repurchase transactions*	-	-
Book value of securities lent in connection with securities lending or delivered as collateral in connection with securities borrowing as well as securities in own portfolio transferred in connection with repurchase agreements	29,742	-
with unrestricted right to resell or pledge	-	-
Fair value of securities received and serving as collateral in connection with securities lending or securities borrowed in connection with securities borrowing as well as securities received in connection with reverse repurchase agreements with an unrestricted right to resell or repledge	70,684	-
of which, repledged securities	-	-
of which, resold securities	-	-

* Before netting agreements.

Table 2: Presentation of collateral for loans / receivables and off-balance-sheet transactions, as well as impaired loans / receivables

(In 000 CHF)

	TYPE OF COLLATERAL			
	Secured by mortgage	Other collateral	Unsecured	Total
LOANS (BEFORE NETTING WITH VALUE ADJUSTMENTS)				
Amounts due from customers	-	431,233	2,522	433,755
TOTAL LOANS (BEFORE NETTING WITH VALUE ADJUSTMENTS)	-	-	-	-
2016	-	431,233	2,522	433,755
2015	-	360,290	1,234	361,524
TOTAL LOANS (AFTER NETTING WITH VALUE ADJUSTMENTS)	-	-	-	-
2016	-	428,986	2,498	431,484
2015	-	358,056	1,203	359,259

	TYPE OF COLLATERAL			
	Secured by mortgage	Other collateral	Unsecured	Total
OFF-BALANCE SHEET				
Contingent liabilities	-	92,883	-	92,883
Irrevocable commitments	-	-	2,886	2,886
TOTAL OFF-BALANCE SHEET				
2016	-	92,883	2,886	95,769
2015	-	117,016	3,122	120,138

	Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments
IMPAIRED LOANS / RECEIVABLES				
2016	-	-	-	-
2015	-	-	-	-

No impaired loans/receivables as at 31.12.2015 and 31.12.2016

Table 3: Breakdown of trading portfolios and other financial instruments at fair value (assets and liabilities)

(In 000 CHF)

	31.12.2016	31.12.2015
ASSETS		
Trading portfolio assets	**-**	**2**
Debt securities, money market securities / transactions	-	1
of which, listed	-	1
Equity securities	-	1
Precious metals and commodities	-	-
Other trading portfolio assets	-	-
Other financial instruments at fair value	**-**	**-**
Debt securities	-	-
Structured products	-	-
Other	-	-
TOTAL ASSETS	**-**	**2**
of which, determined using a valuation model	-	-
of which, securities eligible for repo transactions in accordance with liquidity requirements	-	-
LIABILITIES		
Trading portfolio liabilities	**460**	**-**
Debt securities, money market securities / transactions	460	-
of which, listed	460	-
Equity securities	-	-
Precious metals and commodities	-	-
Other trading portfolio liabilities	-	-
Other financial instruments at fair value	**-**	**-**
Debt securities	-	-
Structured products	-	-
Other	-	-
TOTAL LIABILITIES	**460**	**-**
of which, determined using a valuation model	-	-

Table 4: Presentation of derivative financial instruments (assets and liabilities)

(In 000 CHF)

	TRADING INSTRUMENTS			HEDGING INSTRUMENTS		
	Positive replacement values	Negative replacement values	Contract volume	Positive replacement values	Negative replacement values	Contract volume
INTEREST RATE INSTRUMENTS						
Forward contracts including FRAs	-	-	460	-	-	-
TOTAL	**-**	**-**	**460**	**-**	**-**	**-**
FOREIGN EXCHANGE / PRECIOUS METALS						
Forward contracts	3,058	1,771	97,318	-	-	-
TOTAL	**3,058**	**1,771**	**97,318**	**-**	**-**	**-**
EQUITY SECURITIES / INDICES						
Forward contracts	-	-	-	-	-	-
Options (exchange-traded)	-	-	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**	**-**	**-**
CREDIT DERIVATIVES						
TOTAL	**-**	**-**	**-**	**-**	**-**	**-**
OTHER						
TOTAL	**-**	**-**	**-**	**-**	**-**	**-**

	TRADING INSTRUMENTS			HEDGING INSTRUMENTS		
	Positive replacement values	Negative replacement values	Contract volume	Positive replacement values	Negative replacement values	Contract volume
TOTAL BEFORE NETTING AGREEMENTS						
2016	3,058	1,771	97,318	-	-	-
of which, determined using a valuation model	-	-	-	-	-	-
2015	3,993	3,535	327,029	-	-	-
of which, determined using a valuation model	-	-	-	-	-	-

Total after netting agreements

(In 000 CHF)

	Positive replacement values (cumulative)	Negative replacement values (cumulative)
2016	3,058	1,771
2015	3,993	3,535

Breakdown by counterparty

(In 000 CHF)

	Central clearing houses	Banks and securities dealers	Other customers
Positive replacement values (after netting agreements)	-	2,743	315

Table 5: Breakdown of financial investments

(In 000 CHF)

	BOOK VALUE		FAIR VALUE	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
DEBT SECURITIES	**630,504**	**537,037**	**630,138**	**537,654**
of which, intended to be held to maturity	603,693	493,886	603,146	493,668
of which, not intended to be held to maturity (available for sale)	26,811	43,151	26,992	43,986
TOTAL	**630,504**	**537,037**	**630,138**	**537,654**
of which, securities eligible for repo transactions in accordance with liquidity requirements	225,530	159,949	224,937	159,776

Breakdown of counterparties by rating S&P and Fitch

(In 000 CHF)

	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	Below B-	Unrated
Debt securities: book values	376.898	100.670	152.936	-	-	-

Table 6: Presentation of participations

(In 000 CHF)

	Acquisition cost	Accumulated value adjustments and changes in book value (valuation using the equity method)	Book value previous year end	Reclassifications	Additions	Disposals	Value adjustments	Changes in book value in the case of participation valued using the equity method/ depreciation reversals	Book value as at end of current year	Market value
Participations valued using the equity method	3	-	3	-	-	-	-	-	3	
with market value	3	-	3	-	-	-	-	-	3	
without market value	-	-	-	-	-	-	-	-	-	
TOTAL PARTICIPATIONS	**3**	**-**	**3**	**-**	**-**	**-**	**-**	**-**	**3**	

Table 7: Presentation of tangible fixed assets
(In 000 CHF)

	Acquisition cost	Accumulated depreciation	Book value previous year end	Current year Reclassifications	Additions	Disposals	Depreciation	Reversals	Book value as at end of current year
Bank buildings	-	-	-	-	-	-	-	-	-
Other real estate	5,873	-2,509	3,365	-	-	-	-412	-	2,953
Proprietary or separately acquired software	8,005	-2,462	5,542	-	984	-	-946	-	5,580
Other tangible fixed assets	2,544	-2,062	482	-	9	-	-383	-	108
TOTAL TANGIBLE FIXED ASSETS	16,422	-7,033	9,389	-	993	-	-1,741	-	8,641

Table 8: Amount of non-recognised lease commitments break down by due date
(In 000 CHF)

	Total	of which due within 1 year	of which due >1 - <=2 years	of which due >2 - <=3 years	of which due >3 - <=4 years	of which due >4 - <=5 years	of which due after 5 years
Amount of non-recognised lease commitments	11,940	1,965	1,963	1,961	1,961	1,961	2,129

Table 9: Breakdown of other assets and other liabilities
(In 000 CHF)

	Other assets		Other liabilities	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Compensation account	17	-	9	766
Pure clearing accounts	1,228	1,320	-	-
Indirect taxes	505	933	-	-
Pure clearing accounts	-	-	3,211	4,220
Indirect taxes	-	-	410	2,298
TOTAL	1,750	2,253	3,630	7,283

Table 10: Disclosure of assets pledged or assigned to secure own commitments and of assets under reservation of ownership

(In 000 CHF)

Pledged / assigned assets	Book values	Effective commitments
Cash deposits - margin accounts	19,853	449
Interest bearing securities rights	29,742	999
Assets under reservation of ownership	-	-

Table 11: Disclosures on the economic situation of own pension schemes

a) Employer contribution reserves (ECR)

(In 000 CHF)

ECR	Nominal value at 31.12.2016	Waiver of use at 31.12.2016	Net amount at 31.12.2016	Net amount at 31.12.2015	Influence of ECR on personnel expenses	
					31.12.2016	31.12.2015
Employer sponsored funds/ pension schemes	-	-	-	-	-	-
Pension schemes	-	-	-	-	-	-

No employer contribution reserves (ECR) as as 31.12.2015 and 31.12.2016

b) Presentation of the economic benefit / obligation and the pension expenses

(In 000 CHF)

	Overfunding/ underfunding at 31.12.2016	Economic interest of the bank/ financial group		Change in economic interest (economic benefit/ obligation) versus 31.12.2015	Contributions paid for the 31.12.2016	Pension expenses in personnel expenses	
		31.12.2016	31.12.2015			31.12.2016	31.12.2015
Pension plans without overfunding/underfunding	-	-	-	-	1,138	1,136	1,114

Table 12: Presentation of value adjustments and provisions, reserves for general banking risks, and changes therein during the current year

(In 000 CHF)

	Previous year end	Use in conformity with designated purpose	Reclassifications	Currency differences	Past due interest, recoveries	New creations charged to income	Releases to income	Balance at current year end	Delta
Provisions for deferred taxes	-	-	-	-	-	-	-	-	-
Provisions for pension benefit obligations	-	-	-	-	-	-	-	-	-
Provisions for default risks	770	-	-	-	-	71	-416	425	345
Provisions for other business risks	2,546	-	-	-	-	-	-2,000	546	2,000
Provisions for restructuring	-	-	-	-	-	-	-	-	-
Other provisions	-	-	-	-	-	-	-	-	-
TOTAL PROVISIONS	**3,316**	**-**	**-**	**-**	**-**	**71**	**-2,416**	**971**	**2,345**
RESERVES FOR GENERAL BANKING RISKS	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
VALUE ADJUSTMENTS FOR DEFAULT AND COUNTRY RISKS	**3,444**	**-**	**-**	**-**	**-**	**851**	**-1,034**	**3,261**	**183**
of which, value adjustments for default risks in respect of impaired loans / receivables	-	-	-	-	-	-	-	-	-
of which, value adjustments for latent risks	3,444	-	-	-	-	851	-1,034	3,261	183
of which, not allocated	-	-	-	-	-	-	-	-	-

Table 13: Presentation of the bank's capital

(In CHF)

	31.12.2016			31.12.2015		
Bank's capital	Total par value	No, of shares	Capital eligible for dividend	Total par value	No, of shares	Capital eligible for dividend
Share capital / cooperative capital	72,500,000	72,500	72,500,000	72,500,000	72,500	72,500,000
of which, paid up	72,500,000	-	-	72,500,000	-	-
Participation capital	-	-	-	-	-	-
of which, paid up	-	-	-	-	-	-
TOTAL BANK'S CAPITAL	**72,500,000**	**-**	**72,500,000**	**72,500,000**	**-**	**72,500,000**
Authorised capital	-	-	-	-	-	-
of which, capital increases completed	-	-	-	-	-	-
Conditional capital	-	-	-	-	-	-
of which, capital increases completed	-	-	-	-	-	-

Table 14: FINMA Circular 16/1
(In 000 CHF)

	31.12.2016	31.12.2015
CET1 Capital Ratio	43.33%	54.44%
Tier 1 Capital Ratio	43.33%	54.44%
TOTAL CAPITAL RATIO	**44.12%**	**55.15%**
Overall capital adequacy target	11.20%	11.20%
Leverage Ratio	11.20%	14.00%
Liquidity Coverage Ratio LCR	208.73%	180.05%

Table 15: Number and value of equity securities or options on equity securities held by all executives and directors and by employees
(In 000 CHF)

	Number equity securities		Value equity securities		Number options		Value options	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Members of the board of directors	-	-	-	-	-	-	-	-
Members of executive bodies	53,305	18,240	316,617	152,035	-	-	-	-
Employees	66,304	24,877	422,604	207,107	-	-	-	-
TOTAL	**119,609**	**43,117**	**739,221**	**359,142**	**-**	**-**	**-**	**-**

These are equity securities of the parent company

Table 16: Disclosure of amounts due from / to related parties
(In 000 CHF)

	Amounts due from		Amounts due to	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Holders of qualified participations	108 785	53.892	683	740
Group companies	-	-	-	-
Linked companies	649	1.617	-	641
Transactions with members of governing bodies	1 982	4.130	3.775	8.977
Other related parties	504	1.672	327	1.293

Explanations regarding off-balance-sheet transactions:	Contingent assets	38,095
	Contingent liabilities	1,432
	Derivatives contracts	53,193
Explanations regarding conditions:	Balance-sheet and off-balance-sheet transactions were conducted at terms in line with the market	

Table 17: Disclosure of holders of significant participations
(In CHF)

Holders of significant participations and groups of holders of participations with pooled voting rights	31.12.2016		31.12.2015	
	Nominal	% of equity	Nominal	% of equity
With voting rights	72,500,000	100.00%	72,500,000	100.00%
BBVA Luxinvest, Luxembourg (Company fully owned by Banco Billbao Vizcaya Argentaria, Spain)	43,700,100	60.276%	43,700,100	60.276%
Banco Billbao Vizcaya Argentaria, Spain	28,799,900	39.724%	28,799,900	39.724%
Without voting rights	-	-	-	-

Table 18: Disclosure of own shares and composition of equity capital

(In 000 CHF)

	Number	Booking value	Average transaction price
OWN EQUITY SECURITIES HELD (RZ A5-83/84)			
PARTICIPATION CERTIFICATES (RZ A5-83/84)			

	Total end of 2016	Total end of 2015
CONTINGENT LIABILITIES IN CONNECTION WITH SOLD OR PRUCHASED OWN EQUITY SECURITIES (RZ A5-85)		
NUMBER AND NATURE OF EQUITY INSTRUMENTS OF THE BANK THAT ARE HELD BY SUBSIDIARIES, JOINT VENTURES, LINKED COMPANIES, AND FOUNDATIONS RELATED TO THE BANK (RZ A5-86)		

	Number of shares at the beginning of 2016	Change	Number of shares at the end of 2016
OWN EQUITY SECURITIES RESERVED FOR A SPECIFIC PURPOSE AND OF EQUITY INSTRUMENTS OF THE BANK HELD BY RELATED PARTIES (RZ A5-87)			
TOTAL SHARES RESERVED	-	-	-
TOTAL PARTICIPATION CERTIFICATES	-	-	-

	31.12.2016		31.12.2015	
	Number of shares	Nominal value	Number of shares	Nominal value
DETAILS TO THE INDIVIDUAL CATEGORIES OF CAPITAL (RZ A5-88)				
Share capital / Dotation capital	72,500	72,500,000	72,500	72,500,000
of which paid in	-	72,500,000	-	72,500,000
of which connected to specific risks and restrictions	-	-	-	-
TOTAL	-	72,500,000	-	72,500,000

	Total 31.12.2016	Total 31.12.2015
RESERVES NOT DISTRIBUTABLE (RZ A5-88 - PART 2)		
Amount not distributable from statutory capital reserve	-	-
Amount not distributable from statutory retained ernings reserve [1]	36,250,000	36,250,000
Amount not distributable from voluntary retained ernings reserve	-	-
TOTAL RESERVES NOT DISTRIBUTABLE	36,250,000	36,250,000

(1) Total statutory earnings reserve in the amount of 37,200,000

	Value of transaction 2016
Description and aount of transactions with holders of participations that were not settled in cash or that were offset against other transactions (Rz A5-90)	
Description	-

Table 19: Presentation of the maturity structure of financial instruments

(In 000 CHF)

			DUE					
	At sight	Cancellable	Within 3 months	Within 3 to 12 months	Within 12 months to 5 years	After 5 years	No maturity	Total
ASSETS / FINANCIAL INSTRUMENTS								
Liquid assets	73,455	-	-	-	-	-	-	73,455
Amounts due from banks	174,988	-	-	-	-	-	-	174,988
Amounts due from securities financing transactions	-	-	69,745	-	-	-	-	69,745
Amounts due from customers	2,303	298,193	18,185	29,123	85,951	-	-	433,755
Mortgage loans	-	-	-	-	-	-	-	-
Trading portfolio assets	-	-	-	-	-	-	-	-
Positive replacement values of derivative financial instruments	3,058	-	-	-	-	-	-	3,058
Other financial instruments at fair value	-	-	-	-	-	-	-	-
Financial investments	-	-	221,971	173,722	234,811	-	-	630,504
TOTAL 2016	**253,804**	**298,193**	**309,901**	**202,845**	**320,762**	**-**	**-**	**1,385,505**
TOTAL 2015	**188,242**	**247,603**	**66,269**	**127,353**	**475,700**	**3,806**	**-**	**1,108,972**
DEBT CAPITAL / FINANCIAL INSTRUMENTS								
Amounts due to banks	3,514	-	-	-	-	-	-	3,514
Liabilities from securities financing transactions	-	-	-	-	-	-	-	-
Amounts due in respect of customer deposits	1,207,295	-	-	-	-	-	-	1,207,295
Trading portfolio liabilities	460	-	-	-	-	-	-	460
Negative replacement values of derivative financial instruments	1,771	-	-	-	-	-	-	1,771
Liabilities from other financial instruments at fair value	-	-	-	-	-	-	-	-
Cash bonds	-	-	-	-	-	-	-	-
Bond issues and central mortgage institution loans	-	-	-	-	-	-	-	-
TOTAL 2016	**1,213,039**	**-**	**-**	**-**	**-**	**-**	**-**	**1,213,039**
TOTAL 2015	**931,355**	**-**	**2,424**	**-**	**-**	**-**	**-**	**933,779**

Table 20: Presentation of assets and liabilities by domestic and foreign origin in accordance with the domicile principle

(In 000 CHF)

	31.12.2016		31.12.2015	
	Domestic	Foreign	Domestic	Foreign
ASSETS				
Liquid assets	73,410	45	104,028	1,191
Amounts due from banks	32,648	142,339	10,511	90,887
Amounts due from securities financing transactions	69,745	-	-	-
Amounts due from customers	2,608	431,147	4,879	356,645
Trading portfolio assets	-	-	-	2
Positive replacement values of derivative financial instruments	190	2,868	312	3,480
Financial investments	19,129	611,375	19,791	517,246
Accrued income and prepaid expenses	14,242	6,115	10,199	6,122
Participations	3	-	3	-
Tangible fixed assets	8,641	-	9,389	-
Other assets	1,750	-	2,253	-
Value adjustments for default risks (transitional regulation)	-3,261	-	-3,444	-
TOTAL ASSETS	**219,105**	**1,193,889**	**157,921**	**975,573**
LIABILITIES				
Amounts due to banks	62	3,452	566	32,734
Liabilities from securities financing transactions	-	-	-	-
Amounts due in respect of customer deposits	42,314	1,164,981	26,256	870,888
Trading portfolio liabilities	-	460	-	-
Negative replacement values of derivative financial instruments	431	1,339	266	3,069
Accrued expenses and deferred income	10,082	35	10,395	39
Other liabilities	3,630	-	7,283	-
Provisions	971	-	3,316	-
Bank's capital	72,500	-	72,500	-
Statutory retained earnings reserve	37,200	-	37,200	-
Voluntary retained earnings reserves	64,661	-	60,339	-
Profit / loss (result of the period)	10,876	-	8,643	-
TOTAL LIABILITIES	**242,727**	**1,170,267**	**226,764**	**906,730**

Table 21: Breakdown of total asset by country or group of countries (domicile principle)

(In 000 CHF)

	31.12.2016		31.12.2015	
	Absolute	Share as %	Absolute	Share as %
EUROPE				
Spain	252,570	17.87%	140,399	12.39%
United Kingdom	99,395	7.03%	98,443	8.68%
France	42,039	2.98%	54,731	4.83%
Switzerland	219,110	15.51%	157,921	13.93%
Finland	60,151	4.26%	59,147	5.22%
The Netherlands	99,641	7.05%	75,822	6.69%
Luxembourg	31,982	2.26%	54,256	4.79%
Italy	1	-	37,009	3.27%
Norway	45,000	3.18%	2	-
Other European countries	86,131	6.10%	74,206	6.55%
TOTAL EUROPE	**936,020**	**66.24%**	**751,936**	**66.34%**
NORTH AMERICA				
USA	64,878	4.59%	54,542	4.81%
Mexico	134,060	9.49%	54,219	4.78%
Canada	398	0.03%	182	0.02%
TOTAL NORTH AMERICA	**199,336**	**14.11%**	**108,943**	**9.61%**
SOUTH AND CENTRAL AMERICA (INCL, CARIBBEAN ZONE)				
South America	140,105	9.92%	135,129	11.92%
Central America	4,223	0.30%	63	0.01%
Caribbean Zone	88,369	6.25%	88,263	7.79%
TOTAL SOUTH AND CENTRAL AMERICA (INCL, CARIBBEAN ZONE)	**232,697**	**16.47%**	**223,455**	**19.71%**
TOTAL OTHER COUNTRIES	**44,941**	**3.18%**	**49,161**	**4.34%**
TOTAL ASSETS	**1,412,994**	**100.00%**	**1,133,495**	**100.00%**

Table 22: Breakdown of total assets by credit rating of country groups (risk domicile view)

(In 000 CHF)

	Net foreign exposure / 31.12.2016		Net foreign exposure / 31.12.2015	
Bank's own country rating	in CHF	Share as %	in CHF	Share as %
1	921,258	91.56%	804,541	94.63%
2	-	-	-	-
3	-	-	184	0.02%
4	67,018	6.66%	19,273	2.27%
5	2,525	0.25%	4,141	0.49%
6	9,901	0.98%	168	0.02%
7	17	-	16,195	1.90%
Unrated	5,501	0.55%	5,702	0.67%
TOTAL	**1,006,220**	**100.00%**	**850,204**	**100.00%**

Explanations of the ratings system used:
The rating system used corresponds to the ratings provided by the SERV (Schweizerische Exportversicherung) on the basis of the OECD's-Rating/OECD country risk category (CCa), which comprises categories Cca 0 to Cca 7 and the category "High Income":
* CCa 0 to Cca 7 categories, where as Cca 0 corresponds to the lowest and Cca 7 to the highest risk level.
* High income" category, considering high-income OECD countries and high-income euro zone countries.
The ratings are updated on a regular basis through our software/provider for regulatory reporting.

Table 23: Presentation of assets and liabilities broken down by the most significant currencies for the bank
(In 000 CHF)

	CHF	EUR	USD	Others	Total
ASSETS					
Liquid assets	72,834	489	115	17	73,455
Amounts due from banks	21,955	127,298	12,641	13,093	174,987
Amounts due from securities financing transactions	-	-	50,895	18,850	69,745
Amounts due from customers	35,957	69,255	306,402	22,141	433,755
Trading portfolio assets	-	-	-	-	-
Positive replacement values of derivative financial instruments	3,057	-	1	-	3,058
Financial investments	58,739	160,670	411,095	-	630,504
Accrued income and prepaid expenses	14,725	818	4,351	463	20,357
Participations	3	-	-	-	3
Tangible fixed assets	8,641	-	-	-	8,641
Other assets	1,718	9	23	-	1,750
Non-clearable value adjustment according to transitional regulations	-3,261	-	-	-	-3,261
TOTAL ASSETS SHOWN IN BALANCE SHEET	**214,368**	**358,539**	**785,523**	**54,564**	**1,412,994**
Delivery entitlements from spot exchange, forward forex and forex options transactions	**12,747**	**33,737**	**37,083**	**16,072**	**99,639**
TOTAL ASSETS	**227,115**	**392,276**	**822,606**	**70,636**	**1,512,633**
LIABILITIES					
Amounts due to banks	-	12	3,502	-	3,514
Amounts due in respect of customer deposits	15,090	373,725	783,257	35,223	1,207,295
Trading portfolio liabilities	-	-	460	-	460
Negative replacement values of derivative financial instruments	1,770	-	-	-	1,770
Accrued expenses and deferred income	10,117	-	-	-	10,117
Other liabilities	3,597	11	11	11	3,630
Provisions	971	-	-	-	971
Bank's capital	72,500	-	-	-	72,500
Statutory retained earnings reserve	37,200	-	-	-	37,200
Voluntary retained earnings reserves	64,661	-	-	-	64,661
Profit / loss (result of the period)	10,876	-	-	-	10,876
TOTAL LIABILITIES SHOWN IN THE BALANCE SHEET	**216,782**	**373,748**	**787,230**	**35,234**	**1,412,994**
Delivery obligations from spot exchange, forward forex and forex options transactions	**566**	**22,256**	**41,499**	**35,318**	**99,639**
TOTAL LIABILITIES	**217,348**	**396,004**	**828,729**	**70,552**	**1,512,633**
NET POSITION BY CURRENCY	**9,767**	**-3,728**	**-6,123**	**84**	**-**

9. Information on off-balance sheet transactions

Table 24: Breakdown of contingent liabilities and contingent assets

(In 000 CHF)

	31.12.2016	31.12.2015
Guarantees to secure credits and similar	91,056	114,457
Other contingent liabilities	1,827	2,569
TOTAL CONTINGENT LIABILITIES	**92,883**	**117,026**
Other contingent assets	38,095	5,319
TOTAL CONTINGENT ASSETS	**38,095**	**5,319**

Table 25: Breakdown of fiduciary transactions

(In 000 CHF)

	31.12.2016	31.12.2015
Fiduciary investments with third-party banks	57,139	29,163
Fiduciary placements with group banks	127,343	133,520
TOTAL	**184,482**	**162,683**

Table 26: Managed assets
(In 000 CHF)

	31.12.2016	31.12.2015
A) BREAKDOWN OF MANAGED ASSETS		
Type of managed assets:		
Assets in collective schemes managed by the bank	653,130	483,609
Assets under discretionary asset management agreements	682,144	885,337
Other managed assets	3,967,818	3,626,379
TOTAL MANAGED ASSETS (INCLUDING DOUBLE COUNTING)	**5,303,092**	**4,995,325**
of which, double counting	341,312	157,611
B) PRESENTATION OF THE DEVELOPMENT OF MANAGED ASSETS		
TOTAL MANAGED ASSETS (INCLUDING DOUBLE COUNTING) AT BEGINNING	**4,995,325**	**4,918,189**
+/- net new money inflow or net new money outflow	179,275	217,908
+/- price gains / losses, interest, dividends and currency gains / losses	128,492	-140,772
+/- other effects	-	-
TOTAL MANAGED ASSETS (INCLUDING DOUBLE COUNTING) AT END	**5,303,092**	**4,995,325**

Net new money consists of acquisition of new customers and customers lost as well as the effect of the inflow and outflow of money from existing customers. Outflows due to customer's credit activitiy are not considered. Changes in the valuation of assets, interest and dividend payments as well as interest, commissions and fees charged do not form part of the net new money.

10. Information on the income statement

Table 27: Breakdown of the result from trading activities and the fair value option

(In 000 CHF)

	In CHF
A) BREAKDOWN BY BUSINESS AREA (IN ACCORDANCE WITH THE ORGANISATION OF THE BANK / FINANCIAL GROUP)	
Administrated/Advisory portfolio management services	1,857
Discretionary portfolio management services	921
Assets and Liabilities Management/Trading	-300
TOTAL	**2,478**
B) BREAKDOWN BY UNDERLYING RISK AND BASED ON THE USE OF THE FAIR VALUE OPTION	
Result from trading activities from:	
Interest rate instruments (including funds)	-19
Equity securities (including funds)	-37
Foreign currencies	2,517
Commodities / precious metals	17
TOTAL RESULT FROM TRADING ACTIVITIES	**2,478**
of which, from fair value option	-
of which, from fair value option on assets	-
of which, from fair value option on liabilities	-

Table 28: Disclosure of material refinancing income in the item Interest and discount income as well as material negative interest

(In 000 CHF)

	31.12.2016	31.12.2015
Disclosure of material refinancing income in the item 'Interest and discount income'	-	-
Negative interest	555	311

Table 29: Breakdown of personnel expenses
(In 000 CHF)

	31.12.2016	31.12.2015
Salaries (meeting attendance fees and fixed compensation to members of the bank's governing bodies, salaries and benefits)	21,371	22,008
of which, expenses relating to share-based compensation and alternative forms of variable compensation	-	-
Social insurance benefits	3,065	2,579
Changes in book value for economic benefits and obligations arising from pension schemes	-	-
Other personnel expenses	2,192	3,179
TOTAL	**26,628**	**27,766**

Table 30: Breakdown of general and administrative expenses
(In 000 CHF)

	31.12.2016	31.12.2015
Office space expenses	2.037	2.008
Expenses for information and communications technology	4.665	3.052
Expenses for vehicles, equipment, furniture and other fixtures, as well as operating lease expenses	38	24
Fees of audit firm(s) (Art, 961a no, 2 CO)	372	367
of which, for financial and regulatory audits	372	367
of which, for other services	-	-
Other operating expenses	4.635	5.112
of which, compensation for any cantonal guarantee	-	-
TOTAL	**11.747**	**10.563**

Table 31: Explanations regarding material losses, extraordinary income and expenses, as well as material releases of hidden reserves, reserves for general banking risks, and value adjustments and provisions no longer required

(In 000 CHF)

Changes to provisions: In 2016 we recorded a net variation in provisions of -2'280 TCHF. This variation corresponds to the following:

- Adjustment of the default credit risk provision (release) for contingent liabilities amounting to -345 TCHF.
- Release of provisions for legal risks in relation with retrocessions received by Asset Managers in the amount of -2'000 TCHF based on the risk reassessment provided by our Legal services.
- Operating losses amounting to 65 TCHF mainly due to the settlement of claims operational nature.

Extraordinary income: No extraordinary income were recorded in 2016.

Extraordinary expenses: No extraordinary expenses were recorded in 2016.

Table 32: Presentation of the operating result broken down according to domestic and foreign origin, according to the principle of permanent establishment

(In 000 CHF)

	Switzerland	Foreign
RESULT FROM INTEREST OPERATIONS		
Interest and discount income	6,120	-
Interest and dividend income from trading portfolios	7	-
Interest and dividend income from financial investments	7,332	-
Interest expense	-128	-
GROSS RESULT FROM INTEREST OPERATIONS	**13,332**	**-**
Changes in value adjustments for default risks and losses from interest operations	183	-
SUBTOTAL NET RESULT FROM INTEREST OPERATIONS	**13,515**	**-**
RESULT FROM COMMISSION BUSINESS AND SERVICES		
Commission income from securities trading and investment activities	34,908	-
Commission income from lending activities	791	-
Commission income from other services	1,861	-
Commission expense	-1,760	-
SUBTOTAL RESULT FROM COMMISSION BUSINESS AND SERVICES	**35,800**	**-**
RESULT FROM TRADING ACTIVITIES AND THE FAIR VALUE OPTION	**2,478**	**-**
OTHER RESULT FROM ORDINARY ACTIVITIES	**161**	**-**
TOTAL OF OPERATING REVENUES	**51,954**	**-**
OPERATING EXPENSES		
Personnel expenses	-26,628	-
General and administrative expenses	-11,747	-
SUBTOTAL OF OPERATING EXPENSES	**-38,375**	**-**
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets	-1,741	-
Changes to provisions and other value adjustments, and losses	2,280	-
OPERATING RESULT	**14,118**	**-**

Table 33: Presentation of current taxes, deferred taxes, and disclosure of tax rate

(In 000 CHF)

	31.12.2016	31.12.2015
Expenses for current taxes	3,242	3,472
Expenses for deferred taxes	-	-
TOTAL OF TAXES	**3,242**	**3,472**
Average tax rate weighted	23%	23%

Photo: St. Moritz, Switzerland

Report of the statutory auditor

To the General Meeting of BBVA (Suiza) SA, Zurich.

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of BBVA (Suiza) SA (pages 23 to 59), which comprise the balance sheet as at December 31, 2016, and the income statement, cash flow statement, statement of changes in equity and notes for the year then ended.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of these financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation.

This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards.

Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements 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 system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended December 31, 2016 comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligations (CO) and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Deloitte AG
April 13, 2017

Cornelia Herzog
Licensed Audit Expert
Auditor in Charge

Christian Weber

This Annual Report has been produced on recycled paper free of chlorine and from certified sustainable forest management.

FSC

This Annual Report 2016 is available on the website:
www.bbva.ch

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