

**BBVA Senior Finance, S.A.  
Unipersonal**

Half year financial  
report to  
30th June 2014

**DISCLAIMER:** The English version is a translation of the original in Spanish for information purposes only. In case of a discrepancy, the Spanish original will prevail.

**BBVA SENIOR FINANCE, S.A. (Unipersonal)**

**BALANCE SHEETS AT 30th JUNE 2014 AND 2013**

(€ K)

ASSETS	30-jun-14	30-jun-13	NET ASSETS & LIABILITIES	30-jun-14	30-jun-13
<b>NON-CURRENT ASSETS:</b>			<b>TOTAL NET EQUITY:</b>		
<b>Investments in Group companies and associates</b>	<b>8.867.195</b>	<b>9.449.498</b>	<b>SHAREHOLDER EQUITY</b>	<b>1.341</b>	<b>1.384</b>
Lending to companies	8.865.520	9.443.190	<b>Capital</b>	<b>60</b>	<b>60</b>
Derivatives	1.675	6.308	<b>Reserves</b>	<b>1.287</b>	<b>1.287</b>
<b>Long-term financial investments</b>	<b>2.386</b>	<b>6.987</b>	Legal and statutory reserves	12	12
Derivatives	2.386	6.987	Other reserves	1.275	1.275
<b>Total Non-Current Assets</b>	<b>8.869.581</b>	<b>9.456.485</b>	<b>End-of-period profit</b>	<b>(6)</b>	<b>37</b>
			<b>Total Net Equity</b>	<b>1.341</b>	<b>1.384</b>
			<b>NON-CURRENT LIABILITIES:</b>		
			<b>Long-term debtors</b>	<b>8.867.253</b>	<b>9.449.427</b>
			Debentures and other negotiable securities	8.865.578	9.443.119
			Derivatives	1.675	6.308
			<b>Long-term debts with Group companies and associates</b>	<b>2.386</b>	<b>6.987</b>
			Derivatives	2.386	6.987
			<b>Total Non-Current Liabilities</b>	<b>8.869.639</b>	<b>9.456.414</b>
			<b>CURRENT LIABILITIES:</b>		
<b>CURRENT ASSETS:</b>			<b>Short-term debtors</b>	<b>2.436.062</b>	<b>4.000.122</b>
<b>Trade debtors and other receivables</b>	<b>2</b>	<b>-</b>	Debentures and other negotiable securities	2.435.235	3.990.792
Other credit with the Public Administrations	2	-	Derivatives	827	9.330
<b>Short-term investments in Group companies and associates</b>	<b>2.435.905</b>	<b>4.000.257</b>	<b>Short-term debt with Group companies and associates</b>	<b>5.369</b>	<b>46</b>
Lending to companies	2.435.078	3.990.927	Derivatives	5.369	46
Derivatives	827	9.330	<b>Short-term debts with Group companies and associates</b>	<b>313</b>	<b>2.893</b>
<b>Short-term financial investments</b>	<b>5.369</b>	<b>46</b>	<b>Trade creditors and other payables</b>	<b>38</b>	<b>139</b>
Derivatives	5.369	46	Suppliers	15	15
<b>Cash and other equivalent liquid assets</b>	<b>1.905</b>	<b>4.210</b>	Miscellaneous creditors	5	104
Cash and bank balances	1.905	4.210	Other debts with the Public Administrations	18	20
			Current tax liabilities	-	-
<b>Total current assets</b>	<b>2.443.181</b>	<b>4.004.513</b>	<b>Total current liabilities</b>	<b>2.441.782</b>	<b>4.003.200</b>
<b>TOTAL ASSETS</b>	<b>11.312.762</b>	<b>13.460.998</b>	<b>TOTAL NET ASSETS &amp; LIABILITIES</b>	<b>11.312.762</b>	<b>13.460.998</b>

**BBVA SENIOR FINANCE, S.A. (Unipersonal)**

**INCOME STATEMENT TO 30th JUNE 2014 AND 2013**

(€ K)

	Period 30/JUN/2014	Period 30/JUN/2013
<b>CONTINUING OPERATIONS</b>		
<b>Net amount of operating revenues</b>	<b>191.371</b>	<b>256.888</b>
Revenues on negotiable securities and other financial instruments	191.371	256.888
- In Group companies and associates	191.309	256.497
- In third parties	62	391
<b>Expenses on negotiable securities and other financial instruments</b>	<b>(191.339)</b>	<b>(256.770)</b>
- With Group companies and associates	(58)	(381)
- With third parties	(191.281)	(256.389)
<b>Change in fair value of financial instruments</b>	<b>-</b>	<b>-</b>
Trading portfolio and others	-	-
<b>Exchange rate differences</b>	<b>-</b>	<b>-</b>
<b>Others operating expenses</b>	<b>(13)</b>	<b>(40)</b>
External services	(11)	(32)
Rates, taxes, etc	(2)	(8)
<b>OPERATING INCOME</b>	<b>19</b>	<b>78</b>
<b>Financial revenues</b>	<b>2</b>	<b>1</b>
From negotiable securities and other financial instruments	2	1
- In Group companies and associates	2	1
<b>Financial expenses</b>	<b>(27)</b>	<b>(26)</b>
On debts with Group companies and associates	(27)	(26)
<b>FINANCIAL INCOME</b>	<b>(25)</b>	<b>(25)</b>
<b>INCOME BEFORE TAX</b>	<b>(6)</b>	<b>53</b>
Tax on profits	-	(16)
<b>END-OF-PERIOD INCOME FROM CONTINUED OPERATIONS</b>	<b>(6)</b>	<b>37</b>
<b>DISCONTINUED OPERATIONS</b>		
End-of-period income from discontinued operations net of tax	-	-
<b>END-OF-PERIOD INCOME</b>	<b>(6)</b>	<b>37</b>

## BBVA SENIOR FINANCE, S.A. (Unipersonal)

### STATEMENTS OF CHANGES IN TOTAL NET EQUITY TO 30th JUNE 2014 AND 2013

#### A) STATEMENT OF REVENUES AND EXPENSES RECOGNISED

(€ K)

	Period 30/JUN/2014	Period 30/JUN/2013
<b>RESULT OF THE INCOME STATEMENT (I)</b>	<b>(6)</b>	<b>37</b>
Revenues and expenses recorded directly to total net equity		
- From valuation of financial instruments	-	-
- From hedging of cash flows	-	-
- Subsidies, donations and legacies received	-	-
- From actuarial gains and losses and other adjustments	-	-
- Tax impact	-	-
<b>TOTAL REVENUES AND EXPENSES RECORDED DIRECTLY TO TOTAL NET EQUITY (II)</b>	<b>-</b>	<b>-</b>
Transfers to income statement		
- From valuation of financial instruments	-	-
- From hedging of cash flows	-	-
- Subsidies, donations and legacies received	-	-
- Tax impact	-	-
<b>TOTAL TRANSFERS TO INCOME STATEMENT (III)</b>	<b>-</b>	<b>-</b>
<b>TOTAL REVENUES AND EXPENSES RECOGNISED (I+II+III)</b>	<b>(6)</b>	<b>37</b>

## BBVA SENIOR FINANCE, S.A. (Unipersonal)

### STATEMENTS OF CHANGES IN NET EQUITY CORRESPONDING TO 30TH JUNE 2014

#### B) TOTAL STATEMENT OF CHANGES IN NET EQUITY

(€ K)

	Capital (Note 9)	Reserve Legal	Reserves Voluntary	Result of the period	TOTAL
<b>END OF YEAR BALANCE 2013</b>	<b>60</b>	<b>12</b>	<b>1.275</b>	<b>(1)</b>	<b>1.346</b>
Adjustments for changes in accounting standards 2013	-	-	-	-	-
Adjustments for errors 2013	-	-	-	-	-
<b>ADJUSTED BALANCE AT BEGINNING OF 2014</b>	<b>60</b>	<b>12</b>	<b>1.275</b>	<b>(1)</b>	<b>1.346</b>
<b>Total revenues and expenses recognised</b>	-	-	-	<b>(6)</b>	<b>(6)</b>
<b>Transactions with Shareholders</b>	-	-	-	-	-
- Capital increases	-	-	-	-	-
- Capital reductions	-	-	-	-	-
- Distribution of dividends	-	-	-	-	-
- Transactions with treasury stock (net)	-	-	-	-	-
- Other transactions	-	-	-	-	-
<b>Other changes in net equity</b>	-	-	<b>(1)</b>	<b>1</b>	-
<b>FINAL BALANCE AT 30/06/2014</b>	<b>60</b>	<b>12</b>	<b>1.274</b>	<b>(6)</b>	<b>1.340</b>

**BBVA SENIOR FINANCE, S.A. (Unipersonal)**

**CASH FLOW STATEMENTS FOR THE FINANCIAL PERIODS TO 30TH JUNE 2014 AND 2013**

(€ K)

	Period 30/JUN/14	Period 30/JUN/13
<b>CASH FLOWS FROM OPERATING ACTIVITIES (I)</b>	<b>364</b>	<b>(2.390)</b>
End-of-period profit before tax	(6)	53
Adjustment to profit:	(7)	(3.327)
- Depreciation of fixed assets	-	-
- Impairment valuation corrections	-	-
- Change in provisions	-	-
- Allocation of subsidies	-	-
- Earnings from divestments and disposals of fixed assets	-	-
- Earnings from divestments and disposals of financial instruments	-	-
- Financial revenues	(191.373)	(274.722)
- Financial expenses	191.366	274.629
- Exchange-rate differences	-	-
- Change in fair value of financial instruments	-	-
- Other revenues and expenses	-	(3.234)
<b>Changes in current capital</b>	<b>(101)</b>	<b>139</b>
- Stock	-	-
- Trade debtors and other receivables	-	-
- Other current assets	-	-
- Trade creditors and other payables	(101)	139
- Other current liabilities	-	-
- Other non-current assets and liabilities	-	-
<b>Other cash flows from operating activities</b>	<b>478</b>	<b>745</b>
- Interest payments	(233.832)	(258.028)
- Dividend collections	-	-
- Interest collections	234.132	258.800
- Collections (payments) for tax on profits	-	(27)
- Other collections (payments)	178	-
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES (II)</b>	<b>(190.487)</b>	<b>1.621.080</b>
<b>Payments on investments</b>	<b>(1.653.205)</b>	<b>(3.238.350)</b>
- Group companies and associates	(1.653.205)	(3.238.350)
- Intangible fixed assets	-	-
- Material fixed assets	-	-
- Real-estate investments	-	-
- Other financial assets	-	-
- Non-current assets held for sale	-	-
- Other assets	-	-
<b>Collections on divestments</b>	<b>1.462.719</b>	<b>4.859.430</b>
- Group companies and associates	1.462.719	4.859.430
- Intangible fixed assets	-	-
- Material fixed assets	-	-
- Real-estate investments	-	-
- Other financial assets	-	-
- Non-current assets held for sale	-	-
- Other assets	-	-
<b>CASH FLOWS FROM FUNDING ACTIVITIES (III)</b>	<b>187.907</b>	<b>(1.621.080)</b>
<b>Collections and payments on equity instruments</b>	<b>-</b>	<b>-</b>
- Issuance of equity instruments	-	-
- Redemption of equity instruments	-	-
- Acquisition of own equity instruments	-	-
- Disposal of own equity instruments	-	-
- Subsidies, donations and legacies received	-	-
<b>Collections and payments on financial liability instruments</b>	<b>187.907</b>	<b>(1.621.080)</b>
- Issuance of debentures and other negotiable securities	1.653.205	3.238.350
- Issuance of debt with credit institutions	-	-
- Issuance of debts with Group companies and associates	-	-
- Issuance of other debts	-	-
- Return and redemption of debentures and other negotiable securities	(1.462.719)	(4.859.430)
- Return and redemption of debts with credit institutions	-	-
- Return and redemption of debts with Group companies and associates	(2.580)	-
- Return and redemption of other debts	-	-
<b>Payments on dividends and yields of other equity instruments</b>	<b>-</b>	<b>-</b>
- Dividends	-	-
- Yield on other equity instruments	-	-
<b>EFFECT OF EXCHANGE-RATE CHANGES (IV)</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/DECREASE OF CASH OR EQUIVALENT (I+II+III+IV)</b>	<b>(2.216)</b>	<b>(2.390)</b>
Cash or equivalent at beginning of period	4.121	6.600
Cash or equivalent at end of period	1.905	4.210

## BBVA Senior Finance, S.A. (Unipersonal)

Notes to the accounts for the half year  
ending 30th June 2014

### 1. Presentation standards

The accounting standards applied in the financial statements to 30th June 2014 are those explicitly described in the audited annual accounts for 2013. There has been no change.

### 2. Loans to Group companies

The following is a breakdown of the components comprising the item "Long-term investments in Group companies and associates - Loans to companies" from the balance sheet at 30th June 2014:

Item	€ K
Long-term deposits	8,906,316
Non-accrued premiums on "Up-front deposits"	(21,111)
Non-accrued premiums on "Implicit options"	(19,685)
<b>Total</b>	<b>8,865,520</b>

The following is a breakdown of the components comprising the item "Short-term Investments in Group companies and associates - Loans to companies" from the balance sheet at 30th June 2014:

Item	€ K
Short-term deposits	2,439,916
Non-accrued premiums on "Up-front deposits"	(1,171)
Non-accrued premiums on "Implicit options"	(3,667)
<b>Total</b>	<b>2,435,078</b>

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Below are the details of the principal features of the deposits constituted during the six-month period by the Company in Banco Bilbao Vizcaya Argentaria, S.A., stemming from its issues of senior bonds and commercial paper.

	<b>Date of Constitution</b>	<b>Maturity Date</b>	<b>Interest</b>	<b>Amount (currency K)</b>	<b>Amount (€ K)</b>
Deposit 2014- 134 (euros)	22/JAN/14	22/JAN/19	FIXED YEARLY COUPON 2.375%	1,000,000	1,000,000
Deposit 2014- 135 (euros)	03/APR/14	03/APR/18	QUARTERLY COUPON EURIBOR 3M + 0.80%	100,000	100,000
Deposit 2014- 136 (euros)	11/APR/14	12/OCT/15	QUARTERLY COUPON EURIBOR 3M + 0.55%	250,000	250,000
Deposit 2014- 138 (euros)	22/APR/14	22/APR/15	QUARTERLY COUPON EURIBOR 3M + 0.40%	5,000	5,000
Deposit 2014- 135 tranche 2 (euros)	12/MAY/14	03/APR/18	QUARTERLY COUPON EURIBOR 3M + 0.80%	110,000	110,000
Deposit 2014- 136 tranche 2 (euros)	21/MAY/14	12/OCT/15	QUARTERLY COUPON EURIBOR 3M + 0.55%	80,000	80,000
Deposit 2014- Commercial paper 10 (euros) (*)	13/JAN/2014	12/FEB/2014	FIXED RATE: 0,260%	11,997	11,997
Deposit 2014- Commercial paper 11 (euros)(*)	06/FEB/2014	06/MAY/2014	FIXED RATE: 0.38%	19,982	19,982
Deposit 2014- Commercial paper 12 (USD)	17/APR/2014	17/OCT/2014	FIXED RATE: 0.46%	49,883	36,523
Deposit 2014- Commercial paper 13 (GBP)	30/APR/2014	29/APR/2015	FIXED RATE: 1,010%	19,801	24,704
Deposit 2014- Commercial paper 14 (USD)	27/JUN/2014	26/JUN/2015	FIXED RATE: 0.65%	19,869	14,548

(\*) Deposits issued and redeemed in the first half of the year.

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At 30th June 2014, the Company held deposits in Banco Bilbao Vizcaya Argentaria, S.A., stemming from its issues of senior bonds and structured notes, with a maturity exceeding one year, for a nominal value of €8,906,316 K.

During the first half of 2014 revenues generated by up-front premiums collected when the deposits were constituted stood at €5,416 K. The amount recorded to 2014 earnings was €6,237 K. The Company recorded this under the item "Net amount of operating revenues – From negotiable securities and other financial instruments – In Group companies and associates". The amount yet to be recorded to the income statement for the up-front premiums with maturity exceeding twelve months at 30th June 2014 stood at €21,111 K.

The item "Short-term financial investments in Group companies and associates - Loans to companies" corresponds to the amount of premiums collected when the deposits were constituted with maturity of less than one year yet to be recorded to the income statement, which stood at €1,170 K.

The amount of the premiums for implicit options on the deposits at 30th June 2014 was €23,352 K, of which €5,391 K were recorded to 2014 earnings under the item "Net amount of operating revenues - Revenues from negotiable securities and other financial instruments - In Group companies and associates".

The balance on the item "Short-term investments in Group companies and associates - Loans to companies" on the balance sheets at 30th June 2014 basically corresponds to the short-term deposits that the Company held on that date in Banco Bilbao Vizcaya Argentaria, S.A., stemming from its issues of senior bonds and commercial paper, plus the interest accrued and outstanding on the deposits the Company held at 30th June 2014.

The amount corresponding to interest accrued and not collected on the deposits outstanding at 30th June 2014 with maturities of less than one year was €193,898 K. It is recorded under the item "Short-term investments in Group companies and associates - Loans to companies" on the attached balance sheet.

Interest generated for the Company from these deposits during the first half of 2014 was €179,681 K. It was recorded under the item "Net amount of operating revenues – Revenues from negotiable securities and other financial instruments – In Group companies and associates" on the income statement for the period.

### **3. Derivatives**

Certain issues the Company made have implicit financial derivatives, normally options, which are taken out and recorded separately from the issue to which they are indexed. With the funds obtained in these issues, the Company constitutes a deposit with Banco Bilbao Vizcaya Argentaria, S.A., that has a financial derivative linked to it, under the same conditions but with the opposite sign (positive or negative) to the related issue.

At 30th June 2014, the fair value of the implicit options, both those indexed to the deposits under contract with Banco Bilbao Vizcaya Argentaria, S.A., and to the issues made, stood at €10,257 K. The respective amounts are recorded under the item "Derivatives" of the assets and liabilities on the attached balance sheet. The change in the value of the implicit options on deposits has been recorded under the item "Change in fair value of financial instruments - Trading portfolio and others" for the sum of €4,552 K. Likewise, the change in the value of the implicit options of issues has been recorded under the item "Change in fair value of financial instruments - Trading portfolio and others" for the sum of €4,552 K, giving a final balance of zero.

### **4. Cash & bank balances**

The balance of €1,905 K in this item of the balance sheet at 30th June 2014 corresponds to a remunerated account that the Company held on said date in Banco Bilbao Vizcaya Argentaria, S.A.

Interest accrued and collected during the first half of 2014 on said current account amounted to €2 K. It was recorded under the item "Financial revenues – From negotiable securities and other financial instruments – In Group companies and associates" on the income statement for the period.

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## **5. Equity**

### Subscribed capital

At 30th June 2014 the Company's share capital, €60,102, was represented by 10,017 nominative shares, each with a par value of €6, fully paid up and subscribed by Banco Bilbao Vizcaya Argentaria, S.A.

The Company shares are not traded on the Stock Exchange.

### Legal reserve

Pursuant to the Corporate Enterprises Act, companies obtaining profits in the economic period must set aside 10% of those profits to the legal reserve until this accounts for at least 20% of the share capital. The legal reserve may be used to increase the share capital in the part of its balance that exceeds 10% of the capital already increased. Except for such end, and as long as it does not exceed 20% of the share capital, this reserve may only be used to offset losses and only in the event of no other sufficient reserves being available to do so. At 30th June, the Company's legal reserve was totally constituted.

## **6. Long- and short-term debts - Debentures and other negotiable instruments**

The following is a breakdown of the components comprising the item "Long-term debts - Debentures and other negotiable securities" from the balance sheet at 30th June 2014:

Item	€ K
Long-term issues	8,906,316
Depreciable expenses on long-term issues	(320)
Expenses brought forward on long-term issues	(20,733)
Non-accrued premiums on "implicit options"	(19,685)
<b>Total</b>	<b>8,865,578</b>

The following is a breakdown of the components comprising the item "Short-term debts- Debentures and other negotiable securities" from the balance sheet at 30th June 2014:

Item	€ K
Short-term issues	2,440,529
Short-term expenses brought forward on issues	(1,627)
Non-accrued premiums on "Implicit options"	(3,667)
<b>Total</b>	<b>2,435,235</b>

The following is a breakdown of the main characteristics of the senior bond and commercial paper issues that the Company made during the half-year period:

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	<b>Date of Constitution</b>	<b>Maturity Date</b>	<b>Interest</b>	<b>Amount (currency K)</b>	<b>Amount (€ K)</b>
Issue 2014-134 (euros)	22/JAN/14	22/JAN/19	FIXED YEARLY COUPON 2.375%	1,000,000	1,000,000
Issue 2014-135 (euros)	03/APR/14	03/APR/18	QUARTERLY COUPON EURIBOR 3M + 0.80%	100,000	100,000
Issue 2014-136 (euros)	11/APR/14	12/OCT/15	QUARTERLY COUPON EURIBOR 3M + 0.55%	250,000	250,000
Issue 2014-138 (euros)	22/APR/14	22/APR/15	QUARTERLY COUPON EURIBOR 3M + 0.40%	5,000	5,000
Issue 2014-135 tranche 2 (euros)	12/MAY/14	03/APR/18	QUARTERLY COUPON EURIBOR 3M + 0.80%	110,000	110,000
Issue 2014-136 tranche 2 (euros)	21/MAY/14	12/OCT/15	QUARTERLY COUPON EURIBOR 3M + 0.55%	80,000	80,000
Issue 2014-Commercial paper 10 (Euros)(*)	13/JAN/2014	12/FEB/2014	FIXED RATE: 0,260%	12,000	12,000
Issue 2014-Commercial paper 11 (Euros)(*)	06/FEB/2014	06/MAY/2014	FIXED RATE: 0.37%	20,000	20,000
Issue 2014-Commercial paper 12 (USD)	17/APR/2014	17/OCT/2014	FIXED RATE: 0.46%	50,000	36,609
Issue 2014-Commercial paper 13 (GBP)	30/APR/2014	29/APR/2015	FIXED RATE: 1,010%	20,000	24,953
Issue 2014-Commercial paper 14 (USD)	27/JUN/2014	26/JUN/2015	FIXED RATE: 0.65%	20,000	14,643

(\*) Issue made and redeemed in the first half of the year.

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## **GMTN PROGRAMME**

By virtue of the General Meeting resolution, 21st December 2004, the Company Board of Directors on the same date approved a Programme for Issuance of GMTN Securities under which to issue debentures, bonds or other senior debt securities, for a maximum amount of €20,000,000 K or its equivalent in any other currency. Subsequently the Board of Directors, 5th June 2006, resolved to increase the amount of the Programme for Issuance of GMTN Securities to a maximum of €40,000,000 K or its equivalent in any other currency and since then this programme has been renewed each year, the last renovation being 23rd June 2014. 6 issues have been made during the first half of 2014 under the GMTN Programme.

## **STRUCTURED NOTES PROGRAMME**

Under the General Meeting resolution, 25th January 2008, the Company Board of Directors on that same date approved a new Structured Notes Programme under which to issue debentures, bonds or other freely transferable senior, nominative or bearer securities recognising or creating debt, for a maximum amount of €2,000,000 K or its equivalent in any other currency. Subsequently the Company Board of Directors at its meetings, 26th May 2009, 21st June 2010 and 30th May 2012, resolved to renew the Structured Notes Programme, which matured last 26th June 2013.

## **ECP PROGRAMME**

By virtue of the General Meeting resolution, 11th December 2012, the Company Board of Directors on the same date authorised the issuance, on one or several occasions, of commercial paper through a programme named the "EPC Programme", to which the Company belongs as issuer, for a maximum outstanding balance of €10,000,000 K or its equivalent in any other currency, secured by an unconditional, joint and several guarantee from Banco Bilbao Vizcaya Argentaria, S.A. The commercial paper shall have a minimum tenor of one day and a maximum of 364 days. The securities issued will trade on the Irish Stock Exchange, the latest renewal of the ECP Programme having taken place on 10th December for a one-year period. 5 issues have been made during the first half of 2014 under the ECP Programme.

During the first half of 2014, the expenses incurred in the senior and structured-note and commercial paper issues were €107 K and the expenses recorded to the income statement were €73 K. The Company recorded these under the item "Expenses from negotiable securities and other financial instruments - With third parties". At 30th June 2014 there were depreciable expenses on issues yet to be recorded to the income statement for the amount of €320 K.

Placement expenses recorded during this period of 2014 were €5,240 K. During 2014, the Company has recorded €6,169 K to the income statement for said period under the item "Expenses from negotiable securities and other financial instruments - With third parties". At 30th June 2014, the amount of the placement expenses for long-term issues yet to be recorded to the income statement was €20,733 K.

Likewise, the item "Short-term debts - Debentures and other negotiable securities" from the attached balance sheets at 30th June 2014 corresponds to the amount of the placement expenses of the short-term issues yet to be recorded to the income statement. These stood at €1,627 K.

The amount for premiums on implicit options in the issues at 30th June 2014 was €23,352 K. Of this, €5,391 K were recorded to the 2014 income statement under the item "Expenses from negotiable securities and other financial instruments - With third parties".

The balance on the item "Short term debts - Debentures and other negotiable securities" in the attached balance sheets mainly corresponds to the short-term issues, plus the interest accrued and not collected on all the outstanding issues.

This item also includes the amount corresponding to the difference ("Revenue brought forward") between the issue price and the nominal or reimbursement value of the issue for those issues made over par (with maturity exceeding 12 months). During the first half of 2014, the Company has a balance of €266 K on the income statement for said period, having recorded €62 K to the income statement, under the item "Net amount of operating revenues - Revenues from negotiable securities and other financial instruments - In third parties".

Interest accrued and paid on all the issues during the first half of 2014 was €179,607 K. It was recorded under the item "Expenses from negotiable securities and other financial instruments - With third parties" on the income statement for the period.

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The amount corresponding to interest accrued and not paid on the issues outstanding at 30th June 2014 with maturity of less than one year was €193,433 K. It was recorded under the item "Short-term debt - Debentures and other negotiable securities" on the attached balance sheet.

Likewise, expenses on the programmes accrued during 2014 were €41 K. These were recorded under the item "Expenses from negotiable securities and other financial instruments - With third parties" on the income statement for the period.

The totality of senior bond issues outstanding at 30th June trades on the London Stock Exchange; the structured note issues on AIAF and the commercial paper issues on the Irish Stock Exchange.

All the issues are secured with the joint and several unconditional guarantee of Banco Bilbao Vizcaya Argentaria, S.A. The funds obtained from these issues, after discounting the issuance and management costs, have been deposited in their totality with Banco Bilbao Vizcaya Argentaria, S.A.

## **7. Short-term debt with Group companies and associates**

The €313 K balance under this item on the balance sheet at 30th June 2014 mainly corresponds to a credit facility, which was renewed on 23rd March 2014, that the Company had with Banco Bilbao Vizcaya Argentaria, S.A. Its maturity date is 22nd March 2015. This policy bears interest at a rate equivalent to 3-month euribor plus a 1.75% spread.

Interest accrued during the first half of 2014 amounted to €27 K. It was recorded under the item "Financial expenses – On debt with Group companies and associates" in the income statement for the period.

## **8. Related-Party Transactions**

The main balances the Company held with companies belonging to the Banco Bilbao Vizcaya Argentaria Group at 30th June 2014 are as follows:

	€ K
<b>BALANCE SHEET:</b>	
<b>Assets-</b>	
Long-term investments in Group companies and associates	8,867,195
Short-term investments in Group companies and associates	2,435,905
Cash	1,905
<b>Liabilities-</b>	
Short-term debts with Group companies and associates	313
<b>INCOME STATEMENT:</b>	
<b>Revenues/(Expenses)-</b>	
Net amount of operating revenues -Revenues from negotiable securities and other financial instruments	191,309
Expenses on negotiable securities and other financial instruments	(58)
Finance revenues	2
Financial and assimilated expenses	(27)

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## **16. Miscellaneous creditors**

Below is a breakdown of the information required by Additional Third Provision of Act 15/2010, 5th July:

	Payments made and pending payment on the date of the financial-period end	
	30th June 2014	
	Amount	%
Made within the maximum legal term	136	100%
Rest	0	0%
<b>Total payments for the period</b>	<b>136</b>	<b>100%</b>

The data given in the previous table on payments to suppliers refer to those suppliers the nature of which make them trade creditors because of debts with suppliers of goods and services. This means they include figures from the items "Suppliers", "Suppliers, Group companies" and "Miscellaneous creditors" under current liabilities on the balance sheet.

The exceeded weighted average period (EWAP) on payments has been calculated as the ratio in which the numerator is the sum of the products of each of the payments to suppliers made in the period deferred beyond the respective legal payment term and the number of days deferred; and the denominator is the total sum of the payments made during the period deferred beyond the legal payment term.

The maximum legal payment term applicable to the Company during the first half of 2014 pursuant to Act 3/2004, 29th December, establishing measures to fight against late payments in trade transactions, is 85 days.

At the end of the half year, the company has no payment deferrals of more than the significant legal maximum.

## **9. Later events**

From 30th June 2014 to the date of filing these financial statements, the following significant events occurred:

- On 7th July 2014 the Company made the "ECP15" issue for the amount of 30,000 K dollars, maturing on 7th October 2014. The yield on the issue is at a fixed 0.31% rate. The amount received on the issue was 29,976 K dollars.

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# BBVA Senior Finance, S.A. Unipersonal

Interim management report  
for the half year ending  
30th June 2014

By virtue of the General Meeting resolution, 21st December 2004, the Company Board of Directors on the same date approved a Programme for the Issuance of GMTN Securities under which to issue debentures, bonds or other senior debt securities, for a maximum amount of €20,000,000 K or its equivalent in any other currency and which is listed in the London Stock Exchange. Afterwards, the Board of Directors, 5th June 2006, resolved to increase the amount of the Programme for Issuance of GMTN Securities to a maximum of €40,000,000 K or its equivalent in any other currency and since then this programme has been renewed each year, the last renovation being 23rd June 2014. The following 6 issues have been made under the GMTN Programme in the first half of 2014 for placement on both domestic and international markets:

GMTN134	EUR	1,000,000,000
GMTN135	EUR	100,000,000
GMTN135-TRANCHE 2	EUR	110,000,000
GMTN136	EUR	250,000,000
GMTN136-TRANCHE 2	EUR	80,000,000
GMTN138	EUR	5,000,000

Under the General Meeting resolution, 25th January 2008, the Company Board of Directors on that same date approved a new Structured Notes Programme under which to issue bonds, debentures or other freely transferable senior, nominative or bearer securities recognising or creating debt, for a maximum amount of €2,000,000 K or its equivalent in any other currency. Afterwards, the Company Board of Directors at its meetings, 26th May 2009, 21st June 2010 and 30th May 2012, resolved to renew the Structured Notes Programme, which matured last 26th June 2013.

By virtue of the General Meeting resolution, 11th December 2012, the Board of Directors on the same date authorised the issuance, on one or several occasions, of commercial paper through a programme named the "EPC Programme", to which the Company belongs as issuer, for a maximum outstanding balance of €10,000,000 K or its equivalent in any other currency, secured by an unconditional, joint and several guarantee from Banco Bilbao Vizcaya Argentaria, S.A. The commercial paper will have a minimum tenor of one day and a maximum of 364 days. The securities issued will trade on the Irish Stock Exchange, the latest renewal of the ECP Programme having taken place on 10th December for a one-year period. 5 issues have been made during the first half of 2014 under the ECP Programme.

ECP-10 (*)	EUR	12,000,000
ECP-11(*)	EUR	20,000,000
ECP-12	USD	50,000,000
ECP-13	GBP	20,000,000
ECP-14	USD	20,000,000

(\*) Issues put out and redeemed in the half year.

The Company's issues are secured by an unconditional joint and several guarantee from its sole shareholder, Banco Bilbao Vizcaya Argentaria, S.A.

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## **Risk Exposure**

The Company carries on its business activity as debt as part of the BBVA Group, obtains the financing facilities required for its operations from the Group on an ongoing basis and is managed by employees of the Group.

The main financial risks affecting the Company are as follows:

- **Interest rate risk.** Changes in interest rates affect the interest received from deposits and the interest paid on issues. Therefore, the changes in interest rate offset each other.
- **Liquidity risk.** The Company obtains the liquidity required to meet interest payments, redemptions of issues and the needs of its business activities from subordinated deposits on the issues arranged with Banco Bilbao Vizcaya Argentaria, S.A.
- **Credit risk.** Since the counterparty of the deposits is Banco Bilbao Vizcaya Argentaria, S.A., the Company considers that its exposure to credit risk is not relevant.
- **Other market risks.** Since the funds obtained by the Company from the issues launched in foreign currencies are invested in deposits in the same currency, the exposure to currency risk is irrelevant.

The fair value of the issued launched does not differ significantly from the amount of the deposits made because their features (amount, term and interest rate) are the same. In the case of issues that include embedded financial derivatives, the Company has made a "mirror" deposit with Banco Bilbao Vizcaya Argentaria, S.A. and, accordingly, the Company is not exposed to changes in the fair value of these financial instruments.

## **Later events**

From 30th June 2014 to the date of filing these financial statements, the following significant events occurred:

- On 7th July 2014 the Company made the "ECP15" issue for the amount of 30,000 K dollars, maturing on 7th October 2014. The yield on the issue is at a fixed 0.31% rate. The amount received on the issue was 29,976 K dollars.

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## DECLARATION OF RESPONSIBILITY FOR THE HALF YEAR FINANCIAL REPORT

The members of the BBVA Senior Finance, S.A. Unipersonal Board of Directors hereby declare that, insofar as they know, the summary financial statements for the period between 1 January until 30 June 2014, filed at the meeting, 22<sup>nd</sup> July 2014, drawn up under the applicable accounting standards, offer a faithful image of the net assets, financial situation and results of BBVA Senior Finance, S.A Unipersonal, and that the management report include a faithful analysis of the required information.

Madrid, 22<sup>nd</sup> July 2014

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President  
MR. ERIK SCHOTKAMP

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Director  
MR. TOMÁS SÁNCHEZ ZABALA

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Director  
MR. RAÚL MORENO CARNERO

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Director  
MR. ESTEBAN AZACETA ÁLVAREZ

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