

**Caixa Terrassa Societat de  
Participacions Preferents, 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.

Caixa Terrassa Societat de Participacions Preferents, S.A.U.

STATEMENTS OF CASH FLOW AT JUNE 2014 AND 30TH JUNE 2013

(€ K)

	Period 30/06/2014	Period 30/06/2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES (I)</b>	<b>48</b>	<b>11</b>
End-of-period profit before tax	(22)	(63)
Adjustment to earnings:	20	-
- Depreciation of fixed assets	-	-
- Impairment valuation corrections	-	-
- Change in provisions	-	-
- Allocation of subsidies	-	-
- Earnings on divestments and disposals of fixed assets	-	-
- Earnings from divestments and disposals of financial instruments	-	-
- Financial revenues	(795)	-
- Financial expenses	816	-
- Exchange-rate differences	-	-
- Change in fair value of financial instruments	-	-
- Other revenues and expenses	-	-
Changes in current capital	-	(5)
- Stock	-	-
- Debtors and other accounts receivable	-	-
- Other current assets	-	-
- Creditors and other accounts payable	-	(5)
- Other current liabilities	-	-
- Other non-current assets and liabilities	-	-
Other cash flows from operating activities	50	79
- Interest payments	(1.542)	(9)
- Dividend collections	-	-
- Interest collections	1.592	75
- Collections (payments) for tax on profits	-	-
- Other collections (payments)	-	13
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES (II)</b>	<b>-</b>	<b>-</b>
Payments on investments	-	(99.430)
- Group companies and associates	-	(49.715)
- Intangible fixed assets	-	(49.715)
- Material fixed assets	-	-
- Real-estate investments	-	-
- Other financial assets	-	-
- Non-current assets held for sale	-	-
- Other assets	-	-
Collections on divestments	-	99.430
- Group companies and associates	-	49.715
- Intangible fixed assets	-	49.715
- 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>(51)</b>	<b>-</b>
Collections and payments on equity instruments	-	-
- Issuance of equity instruments	-	-
- Redemption of equity instruments	-	-
- Acquisition of own equity instruments	-	-
- Disposal of own equity instruments	-	-
- Subsidies, donations and legacies received	-	-
Collections and payments on financial liability instruments	(51)	-
- Issuance of debentures and other negotiable securities	-	-
- Issuance of debt with credit institutions	-	-
- Issuance of debts with Group companies and associates	-	-
- Issuance of other debts	-	49.715
- Return and redemption of debentures and other negotiable securities	(51)	(49.715)
- Return and redemption of debts with credit institutions	-	-
- Return and redemption of debts with Group companies and associates	-	-
- Return and redemption of other debts	-	-
Payments on dividends and yields of other equity instruments	-	-
- 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>(3)</b>	<b>11</b>
Cash or equivalent at beginning of period	378	340
Cash or equivalent at end of period	375	351

Caixa Terrassa Societat de Participacions Preferents, S.A.U.

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

B) TOTAL STATEMENTS OF CHANGES IN NET EQUITY

(€ K)

	Capital	Legal reserve	Voluntary reserves	End-of-period profit	TOTAL
<b>END OF YEAR BALANCE 2013</b>	100	20	1.497	(19)	1.598
Adjustments for changes in accounting standards 2013	-	-	-	-	-
Adjustments for errors 2013	-	-	-	-	-
<b>ADJUSTED BALANCE AT BEGINNING OF 2014</b>	100	20	1.497	(19)	1.598
Total revenues and expenses recognised	-	-	-	(22)	(22)
Transactions with shareholders	-	-	-	-	-
- Capital increases	-	-	-	-	-
- Capital reductions	-	-	-	-	-
- Distribution of dividends	-	-	-	-	-
- Transactions with treasury stock (net)	-	-	-	-	-
- Other transactions	-	-	-	-	-
Other changes in net equity	-	-	19	19	-
<b>FINAL BALANCE AT 30/JUN/2014</b>	100	20	1.516	(22)	1.614

**Caixa Terrassa Societat de Participacions Preferents, S.A.U.**

**STATEMENTS OF CHANGES IN TOTAL NET EQUITY TO 30TH JUNE 2014 AND 30TH JUNE 2013**

**A) STATEMENTS OF REVENUES AND EXPENSES RECOGNISED**

(€ K)

	Period 30/06/2014	Period 30/06/2013
<b>RESULT OF THE INCOME STATEMENT (I)</b>	<b>(22)</b>	<b>(63)</b>
<b>Revenues and expenses recorded directly to total net equity</b>		
- 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>
<b>Transfers to income statement</b>		
- 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>(22)</b>	<b>(63)</b>

**Caixa Terrassa Societat de Participacions Preferents, S.A.U.**

**INCOME STATEMENT TO 30/JUN/2014 AND TO 30/JUN/2013**

(€ K)

	Period 30/06/2014	Period 30/06/2013
<b>CONTINUING OPERATIONS</b>		
<b>Net amount of operating revenues</b>	796	1.303
Revenues on negotiable securities and other financial instruments	796	1.303
- In Group companies and associates	796	1.303
<b>Expenses on negotiable securities and other financial instruments</b>	<b>(815)</b>	<b>(1.365)</b>
- With third parties	(815)	(1.365)
<b>Others operating expenses</b>	<b>(3)</b>	<b>(1)</b>
External services	(3)	(1)
Rates, taxes, etc		-
<b>OPERATING INCOME</b>	<b>(22)</b>	<b>(63)</b>
<b>Financial expenses</b>	-	-
On borrowing from Group companies and associates	-	-
<b>FINANCIAL INCOME</b>	-	-
<b>INCOME BEFORE TAX</b>	<b>(22)</b>	<b>(63)</b>
Taxes on profits		
<b>END-OF-PERIOD INCOME FROM CONTINUED OPERATIONS</b>	<b>(22)</b>	<b>(63)</b>
<b>DISCONTINUED OPERATIONS</b>		
End-of-period income from discontinued operations net of tax	-	-
<b>END-OF-PERIOD INCOME</b>	<b>(22)</b>	<b>(63)</b>

**Caixa Terrassa Societat de Participacions Preferents, S.A.U.**

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

(€ K)

ASSETS	30/06/2014	30/06/2013	NET ASSETS & LIABILITIES	30/06/2014	30/06/2013
<b>NON-CURRENT ASSETS:</b>					
Investments in Group companies and associates	75,285	75,285	<b>TOTAL NET EQUITY:</b>	1,614	1,554
Lending to companies	75,285	75,285	<b>SHAREHOLDER FUNDS (Note 8)</b>	100	100
			Capital	1,536	1,517
			Reserves	20	20
			Legal and statutory reserves	1,516	1,497
			Other reserves	(22)	(63)
			End-of-period profit	1,614	1,554
			<b>Total Net Equity</b>		
			<b>NON-CURRENT LIABILITIES:</b>		
			Long-term debtors	74,039	74,001
			Debtors and other negotiable securities	74,039	74,001
			<b>Total non-current liabilities</b>	74,039	74,001
<b>CURRENT ASSETS:</b>					
Short-term investments in Group companies and associates	1,420	1,345	Short-term debtors	1,420	1,345
Lending to companies	1,420	1,345	Debtors and other negotiable securities	1,420	1,345
Cash and other equivalent liquid assets	375	351	Trade creditors and other accounts payable	7	81
Cash and bank balances	375	351	Miscellaneous creditors	1	
			Current tax liabilities	6	81
			<b>Total current liabilities</b>	1,427	1,426
			<b>TOTAL NET ASSETS &amp; LIABILITIES</b>	77,080	76,981
<b>Total current assets</b>	1,795	1,696			
<b>TOTAL ASSETS</b>	77,080	76,981			

# CAIXA TERRASSA SOCIETAT DE PARTICIPACIONS PREFERENTS, S.A.U.

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 balance on the account "Long-term investments in Group companies and associates – Lending to companies" on the balance sheet at 30th June 2014 reflects the deposits that the Company held, stemming from preferred securities issuances.

After the exchange of the Company's preferred securities issues, the remaining balance on the deposits constituted under this item are shown as at 30th June 2014 below:

	Constitution Date	Maturity Date	Interest	Amount (€ K)
A-Series Deposit (euros)	03/JUL/2001	Perpetual maturity possibility of redemption as of year five	Quarterly settlements: variable 3-M euribor rate plus 0.25%.	285
B-Series Deposit (euros)	10/AUG/2005	Perpetual maturity possibility of redemption as of year five	Annual settlements: 10-year CMS rate plus 0.10%.	75,000
			<b>Total</b>	<b>75,285</b>

The balance on the item "Short-term investments in Group companies and associates – Lending to companies" on the balance sheet at 30th June 2014 basically reflects the amount corresponding to the interest accrued and outstanding on the long-term deposits. At 30th June 2014 this stood at €1,420 K.

Interest generated for the Company from these deposits to 30th June 2014 was €796 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 said periods.

## 3. Cash and bank balances

The balance of €375 K under this item on the balance sheet at 30 June 2014 corresponds to one sole current account held in Banco Bilbao Vizcaya Argentaria, S.A.

## 4. Shareholder funds

### Subscribed capital

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At 30th June 2014 the Company's share capital, €100 K, is represented by 10,000 nominative shares, each with a par value of €10, 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 must set aside 10% of the profits they obtain in a reporting period to the legal reserve until this accounts for at least 20% of the share capital. The legal reserve may only be used to increase the share capital in the part of its balance that exceeds 10% of the capital already increased. Except for the purpose mentioned above, 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 2014, the Company's legal reserve was totally constituted.

#### 5. Debentures and other negotiable securities

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)	30/JUN/2014
Issues	75,285
Depreciable costs	(1,246)
<b>Total</b>	<b>74,039</b>

The outstanding issues comprising the item "Long-term debtors – Debentures and other negotiable securities" at 30th June 2014 (in €K):

	Constitution Date	Maturity Date	Interest	30/JUN/2014
A-series preferred securities	03/JUL/2001	Perpetual maturity possibility of redemption as of year five	Quarterly settlements: to 30/DEC/02 (inclusive) fixed 5.75% rate; as of this date, 3-M euribor plus 0.25%.	285
B-series preferred securities	10/AUG/2005	Perpetual maturity possibility of redemption as of year five	Annual settlements: to 09/AUG/10 (inclusive) fixed 8% rate; as of 10/AUG/2010 10-year CMS rate plus 0.10%.	75,000
			<b>Total</b>	<b>75,285</b>

On 28th September 2012, Banco Bilbao Vizcaya Argentaria, S.A. reported a purchase offer addressed to holders of certain issues of preferred securities and subordinated debt securities with dated and contingent redemption originally issued by entities that had been succeeded by Unnim or that were subsidiaries of Unimm with a purchase price of 95% of nominal value, with the commitment from those accepting the offer to irrevocably, unconditionally and simultaneously reinvest the total proceeds in the purchase of BBVA shares in a simultaneous public offering of treasury stock sale by BBVA.

Below are the sell orders received once the period for acceptance and revocation of the offer finished:



Issuer	Name of Issuance	ISIN code	Nominal unit Value (€)	Unit amount of Purchase by BBVA (€)	Total number securities acquired	Aggregate amount of purchase per issue (€)	% acquired	Number of securities outstanding	Nominal amount still outstanding (€)
Caixa Terrassa Societat de Participacions Preferents S.A.U	A-series securities	KYG175491094	1,000.00	950	49,715	47,229,250.00	99.40%	285	285,000

At 31st December 2012, 99.4% of the A-series Preferred Securities issued by the Company, for the total nominal amount of €49,715 K, were held by BBVA.

On 25th April 2013 the Company redeemed 49,715 A-series Preferred Securities issued for a nominal amount of €49,715 K, subsequent to the purchase offer made by Banco Bilbao Vizcaya Argentaria, S.A. to the aforementioned holders of those securities on 28th September 2012. Consequently, 285 securities remained outstanding for a total nominal amount of €285 K.

Likewise, the deposits constituted by the Company with the cash received were partially redeemed.

The costs stemming from the issues recorded to earnings at 30th June 2014 amounted to €19 K, which the Company recorded under the item "Expenses from negotiable securities and other financial instruments - With third parties" on the attached income statement. At 30th June 2014 there were depreciable expenses on issues yet to be recorded to the income statement for the amount of €1,246 K.

All the issues are secured with the joint and several unconditional guarantee of Banco Bilbao Vizcaya Argentaria, S.A. The total amount of the funds obtained from these issues have been deposited with Banco Bilbao Vizcaya Argentaria, S.A.

The interest accruing on these issues at 30th June 2014 was €796 K and are recorded to the item "Expenses on negotiable securities and other financial instruments - With third parties" in the attached income statement.

Likewise, the interest accruing and pending payment on these issues is recorded to the item "Short term debtors – Debentures and other negotiable securities" and amounted to €1,420 K at 30th June.

At 30th June 2014, the A-series Preferred Securities were trading on the Madrid AIAF Fixed Income Market, and the B-series Preferred Securities were trading on the Euronext in Amsterdam.

## 6. Other operating expenses

The following services are included in the balance of the item "Other operating expenses – External services" Income statement services:

	€K
Court Services/Registries/Lawyers	3
<b>Total Professional Services</b>	<b>3</b>

The Company does not incur personnel costs, since it does not employ a staff. The Company management is carried out by BBVA Group personnel.

## 7. Related-Party Transactions and Balances

The major balances and transactions maintained by the Company with companies belonging to the BBVA Group at 30th June 2014 correspond to balances and transactions with its sole shareholder, Banco Bilbao Vizcaya Argentaria, S.A. or BBVA Group companies and are as follows:

Item (€K)	30/JUN/2014
<b>BALANCE SHEET:</b>	
<b>Assets-</b>	
Long-term investments in Group companies and associates	75,285
Short-term investments in Group companies and associates	1,420
Cash and bank balances	375
<b>INCOME STATEMENT:</b>	
<b>Revenues/(Expenses)-</b>	
Net amount of operating revenues -Revenues from negotiable securities and other financial instruments	796
Financial expenses - On borrowing from Group companies and associates	-

#### **8. 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	
	30/JUN/2014	
	Amount	%
Made within the maximum legal term	2	100%
Rest		%
<b>Total payments for the period</b>	<b>2</b>	<b>100%</b>

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 period 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 60 days.

#### **9. Subsequent events**

Since 30th June 2014 to the date of filing these accounts, there has been no additional event that may have a significant effect on said half-year accounts.

# CAIXA TERRASSA SOCIETAT DE PARTICIPACIONS PREFERENTS, S.A.U

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

During the first half of 2014, Caixa Terrassa Societat de Participacions Preferents S.A.U. (hereinafter the "Company") did not make any issues.

The Company has its issues secured by its sole shareholder, Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter "BBVA").

On 7th March 2012, the Governing Board of the FROB drew up a plan for restructuring Unnim, which included it becoming part of the Grupo Banco Bilbao Vizcaya Argentaria (hereinafter the "BBVA Group"). This plan was also approved by the Executive Committee of the Bank of Spain. Once all due approvals had been obtained from the competent authorities, on 27th July 2012, BBVA completed the acquisition of 100% of Unnim's share capital.

On 31st January 2013, the Unnim and BBVA boards of directors approved the merger plan under which BBVA absorbed UNNIM and the subsequent block transfer of universal title over Unnim's total assets to BBVA, which would acquire the rights and obligations of the absorbed company by universal succession. On 15th March 2013 the BBVA General Meeting approved the merger. Consequently, at 31st December 2013, BBVA was Sole Shareholder of the Company.

### Income statement

The first half year result in 2014 was a loss of €22 K. The operating revenues of the Company, revenues on negotiable securities and other financial instruments in Group companies and associates during the first half year were €796 K. The operating expenses corresponding to costs on negotiable securities and other financial instruments with third parties amounted to €815 K.

Given its activity, the Company does not incur environment-related costs.

The Company does not incur personnel costs, since it does not employ a staff. The Company management is carried out by BBVA Group personnel.

### Treasury stock and shares of the holding company

The Company has not engaged in any purchase of its own shares or those of its holding company.

### Risk exposure

The Company carries out its business as debt issuer within the BBVA Group, permanently obtaining the lines of finance from the Group that it needs for its trading and with Group personnel performing its management.

Below are the principal financial risks impacting the Company:

- **Interest-rate risk.** Changes in interest rates affect both interest collected on the deposits and interest paid on the issues, thereby offsetting variations in interest rates and maintaining the margins.

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- Liquidity risk. The Company obtains necessary liquidity to meet its payments of interest and redemption of issues and its business requirements through deposits subordinated to said issues taken out with Banco Bilbao Vizcaya Argentaria, S.A.
- Credit risk. Given that the counterparty of the deposits constituted is Banco Bilbao Vizcaya Argentaria, S.A., the Company deems its exposure to credit risk not to be relevant.
- Others Market Risks. Given that the Company constitutes deposits in the same currency with the funds obtained, exposure to exchange-rate risk is irrelevant.

The fair value of the issues made does not differ significantly from the deposits constituted, since their characteristics (amount, term and interest rate) coincide. Should the issues incorporate an implicit financial derivative, the Company constitutes a "mirror" deposit with Banco Bilbao Vizcaya Argentaria, S.A., so the Company is not exposed to changes in the fair value of these financial instruments.

#### **Important events occurring after 30th June 2014**

There have been no additional events that could have a material effect on the first-half 2014 accounts since 30th June 2014.

#### **Outlook for the second half of 2014**

The Company will maintain its corporate purpose and will establish its issuance policy within the BBVA Group strategy.

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**DECLARATION OF RESPONSIBILITY FOR THE HALF YEAR FINANCIAL REPORT**

The members of the CAIXA TERRASSA SOCIETAT DE PARTICIPACIONS PREFERENTS, 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 CAIXA TERRASSA SOCIETAT DE PARTICIPACIONS PREFERENTS, S.A. UNIPERSONAL, and that the management reports include a faithful analysis of the required information.

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

*SIGNED BY ALL MEMBERS OF THE BOARD*

\_\_\_\_\_  
President

MR. ERIK SCHOTKAMP

\_\_\_\_\_  
Director

MR. ESTEBAN AZACETA ÁLVAREZ

\_\_\_\_\_  
Director

MR. FRANCISCO JAVIER COLOMER BETORET

\_\_\_\_\_  
Director

MR. RAÚL MORENO CARNERO

\_\_\_\_\_  
Director

MR. TOMÁS MANUEL SÁNCHEZ ZABALA