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

Half year financial  
report to  
30th June 2016

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

**BALANCE SHEETS AT 30TH JUNE 2016 AND 2015**

(€k)

ASSETS	30/06/2016	30/06/2015	NET ASSETS & LIABILITIES	30/06/2016	30/06/2015
<b>NON-CURRENT ASSETS:</b>					
Long-term investments in Group companies and associates	75.027	75.014	<b>TOTAL NET EQUITY:</b>		
Lending to companies	75.027	75.014	SHAREHOLDER EQUITY (Note 8)		
			Capital	1.552	1.582
<b>Total Non-Current assets</b>	<b>75.027</b>	<b>75.014</b>	Reserves	100	100
			Legal and statutory reserves	1.472	1.504
			Other reserves	20	20
			End-of-period profit	1.452	1.484
				(20)	(22)
			<b>Total Net Equity:</b>	<b>1.552</b>	<b>1.582</b>
			<b>NON-CURRENT LIABILITIES:</b>		
			Long-term debt	73.831	73.793
			Debentures and other negotiable securities	73.831	73.793
			<b>Total non-current liabilities</b>	<b>73.831</b>	<b>73.793</b>
<b>CURRENT ASSETS:</b>					
Short-term investment in Group companies and associates			<b>Short-term debt</b>		
Lending to companies	784	947	Debentures and other negotiable securities	784	947
Cash and other equivalent liquid assets	784	947	Trade creditors and other accounts payable	784	947
Cash and bank balances	363	367	Miscellaneous creditors	7	6
	363	367	Short-term debt with Group companies and associates		
<b>Total current assets</b>	<b>1.147</b>	<b>1.314</b>	<b>Total current liabilities</b>	<b>7</b>	<b>6</b>
<b>TOTAL ASSETS</b>	<b>76.174</b>	<b>76.328</b>	<b>TOTAL NET ASSETS &amp; LIABILITIES</b>	<b>76.174</b>	<b>76.328</b>

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

**INCOME STATEMENT TO 30/JUN/2015 AND TO 30/JUN/2016 AND TO 30/JUN/2015**

(€k)

	Period 30/06/2016	Period 30/06/2015
<b>CONTINUING OPERATIONS</b>		
<b>Net amount of operating revenues</b>	<b>439</b>	<b>532</b>
Revenues on negotiable securities and other financial instruments	439	532
- In Group companies and associates	439	532
<b>Expenses on negotiable securities and other financial instruments</b>	<b>(458)</b>	<b>(551)</b>
- With third parties	(458)	(551)
<b>Other operating expenses</b>	<b>(1)</b>	<b>(3)</b>
External services		(2)
Rates, taxes, etc	(1)	(1)
<b>OPERATING INCOME</b>	<b>(20)</b>	<b>(22)</b>
<b>Financial expenses</b>	-	-
On borrowing from Group companies and associates	-	-
<b>FINANCIAL INCOME</b>	-	-
<b>INCOME BEFORE TAX</b>	<b>(20)</b>	<b>(22)</b>
Tax on profits		
<b>END-OF-PERIOD INCOME FROM CONTINUED OPERATIONS</b>	<b>(20)</b>	<b>(22)</b>
<b>DISCONTINUED OPERATIONS</b>		
End-of-period income from discontinued operations net of tax	-	-
<b>END-OF-PERIOD INCOME</b>	<b>(20)</b>	<b>(22)</b>

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

### STATEMENTS OF CHANGES IN TOTAL NET EQUITY TO 30TH JUNE 2016 AND 30TH JUNE 2015

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

(€k)

	Period 30/06/2016	Period 30/06/2015
<b>RESULT OF THE INCOME STATEMENT (I)</b>	(20)	(22)
<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>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>TOTAL REVENUES AND EXPENSES RECOGNISED (I+II+III)</b>	(20)	(22)

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

**STATEMENTS OF CHANGES IN NET EQUITY AT 30TH JUNE 2015**

**B ) TOTAL STATEMENTS OF CHANGES IN NET EQUITY**  
(€k)

	Capital	Legal reserve	Voluntary reserves	End-of-period profit	TOTAL
<b>END OF YEAR BALANCE 2015</b>	100	20	1.484	(31)	1.573
Adjustments for changes in accounting standards 2015	-	-	-	-	-
Adjustments for errors 2015	-	-	-	-	-
<b>ADJUSTED BALANCE AT BEGINNING OF 2016</b>	100	20	1.484	(31)	1.573
<b>Total revenues and expenses recognised</b>					
Transactions with Shareholders				20	20
- Capital increases	-	-	-	-	-
- Capital reductions	-	-	-	-	-
- Distribution of dividends	-	-	-	-	-
- Transactions with treasury stock (net)	-	-	-	-	-
- Other transactions	-	-	-	-	-
<b>Other changes in net equity</b>			(31)	31	-
<b>FINAL BALANCE AT 30/JUN/2016</b>	100	20	1.453	20	1.593

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

STATEMENTS OF CASH FLOW AT 30TH JUNE 2016 AND 30TH JUNE 2015

(€k)

	Period 30/06/2016	Period 30/06/2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES (I)</b>	<b>(4)</b>	<b>(6)</b>
End-of-period profit before tax	(20)	(22)
Adjustment to earnings:	16	16
- 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	(439)	(532)
- Financial expenses	458	552
- Exchange-rate differences		
- Change in fair value of financial instruments		
- Other revenues and expenses	(3)	(4)
<b>Changes in current capital</b>		
- Stock		
- Debtors and other accounts receivable		
- Other current assets		
- Creditors and other accounts payable		
- Other current liabilities		
- Other non-current assets and liabilities		
<b>Other cash flows from operating activities</b>		
- Interest payments		
- Dividend collections		
- Interest collections		
- Collections (payments) for tax on profits		
- Other collections (payments)		
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES (II)</b>		
<b>Payments from investments</b>		
- Group companies and associates		
- Intangible fixed assets		
- Material fixed assets		
- Real-estate investments		
- Other financial assets		
- Non-current assets held for sale		
- Other assets		
<b>Collections from divestments</b>		
- Group companies and associates		
- 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>Collections and payments from equity instruments</b>		285
- Issuance of equity instruments		
- Redemption of equity instruments		285
- Acquisition of own equity instruments		
- Disposal of own equity instruments		
- Subsidies, donations and legacies received		
<b>Collections and payments from financial liability instruments</b>		(285)
- 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		
- Return and redemption of debentures and other negotiable securities		(285)
- Return and redemption of debt with credit institutions		
- Return and redemption of debts with Group companies and associates		
- Return and redemption of other debts		
<b>Payments from dividends and yields of other equity instruments</b>		
- Dividends		
- Yield on other equity instruments		
<b>EFFECT OF EXCHANGE-RATE CHANGES (IV)</b>		
<b>NET INCREASE/DECREASE OF CASH OR EQUIVALENT (I+II+III+IV)</b>	<b>4</b>	<b>6</b>
Cash or equivalent at beginning of period	367	373
Cash or equivalent at end of period	363	367



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**CAIXA TERRASSA SOCIETAT DE PARTICIPACIONS PREFERENTS, S.A.U.****Notes to the accounts for the half year  
ending 30th June 2016****1. Presentation standards**

The accounting standards applied in the financial statements to 30th June 2016 are those explicitly described in the audited annual accounts for 2015. 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 2016 reflects the deposits that the Company held, stemming from preferred securities issuance.

The remaining balance of the deposits constituted under this item at 30th June 2016 is shown below:

	<b>Constitution Date</b>	<b>Maturity Date</b>	<b>Interest</b>	<b>Amount (€k)</b>
B-Series Deposit (euros)	10/aug/2005	Perpetual maturity with possibility of redemption as of year five	Annual settlements: 10-year CMS rate plus 0.10%.	75,000
			Total	<b>75,000</b>

The balance on the item "Short-term investments in Group companies and associates – Lending to companies" on the balance sheet at 30th June 2016 basically reflects the amount corresponding to the interest accrued and outstanding on the long-term deposits. At 30th June 2016 this stood at €784k.

Interest generated for the Company from these deposits to 30th June 2016 was €439k. 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 €367k under this item on the balance sheet at 30th June 2016 corresponds to one sole current account held in Banco Bilbao Vizcaya Argentaria, S.A.

**4. Shareholder equity****Subscribed capital**

At 30th June 2016 the Company's share capital, €100k, was 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.

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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 2016, 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 2016:

Item (€k)	30/jun/2016
Issues	75,000
Depreciable costs	(1,169)
<b>Total</b>	<b>73,831</b>

It is stated below the outstanding issue comprising the item "Long-term debts – Debentures and other negotiable securities" at 30th June 2016 (in €k):

	Constitution Date	Maturity Date	Interest	30/jun/2016
B-series Preferred Securities	10/aug/2005	Perpetual maturity possibility of redemption as of year five	10-year CMS rate plus 0.10%.	75,000
			<b>Total</b>	<b>75,000</b>

On 27th February 2015, the company made a Relevant Event Filing on the webpage of the CNMV (Spanish securities exchange authority) disclosing that, after obtaining due authorisation from the Bank of Spain and prior to the maturity date, it would redeem the total par value outstanding on the issue of A-Series Preferred Securities on 30th March 2015 for a total par value of €285k.

The total redemption of the issue was in the date mentioned above, simultaneously with the interest payment and at par. Symmetrically, the Sole-Shareholder refund the associated deposit.

The costs stemming from the issues recorded to earnings at 30th June 2016 amounted to €19k, 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 2016 there were depreciable expenses on issues yet to be recorded to the income statement to the sum of €1,169k.

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.



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The interest accruing on these issues at 30th June 2016 was €439k, 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 €784k at 30th June 2016.

At 30th June 2016, the B-Series Preferred Securities were trading on Euronext 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	1
Rates, taxes, etc	1
<b>Total Professional Services</b>	<b>2</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 2016 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/2016
<b>BALANCE SHEET :</b>	
<b>Assets-</b>	
Long-term investments in Group companies and associates	75,000
Short-term investments in Group companies and associates	784
Deferred tax assets	27
Cash and bank balances	362
<b>INCOME STATEMENT:</b>	
<b>Revenues/(Expenses)-</b>	
Net amount of operating revenues -Revenues from negotiable securities and other financial instruments	439
Financial expenses - On borrowing from Group companies and associates	-

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## **8. Miscellaneous creditors**

Down below we present the information required by the third additional provision of the Law 15/2010, of July 5 (modified through the second final provision of the Law 31/2014, of December 3) that has been prepared in accordance with the ICAC Resolution of January 29, 2016 on the information to be included in the notes of the financial statements in relation to the average payment period to suppliers in commercial operations.

In accordance with the sole additional provision of the Resolution mentioned above, as this is the first year of application of the Resolution, no comparative information is presented:

	2016
	Days
Average suppliers' payment period	26
Paid operations ratio	26
Unpaid operations ratio	0
Thousands of euros	
Total payments made in the year	14
Total pending payments	0

Under the Resolution of the ICAC, to calculate the average payment period to suppliers, it's necessary to take into account the relevant commercial operations of goods or services deliveries accrued from the effective day of the implementation of the Law 31/2014, of 3 December.

"Average suppliers' payment period" means the period of time between the delivery of goods or the provision of services by the supplier and the effective payment of the operation.

The maximum legal payment term applicable to the Company as of December 31, 2015 and 2014, according to Law 15/2010, of July 5, that modifies Law 3/2004, by which measures to prevent late payment in commercial transactions is established, is 30 days. However, Law 11/2013, of July 26, on measures to support the entrepreneur and for the stimulation of growth and job creation, amended Law 3/2004, establishing the legal maximum period for payment in 30 days, which is extendable by agreement between the parties with a limit of 60 calendar days. As a result, the Company has taken as reference 60 days for 2016.

## **9. Subsequent events**

Since 30th June 2016 to the date of filing these accounts, there has been no additional event that may have a significant effect on said interim financial accounts.

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

Interim management report  
for the half year  
ending 30th June 2016

During the first half of 2016, Caixa Terrassa Societat de Participacions Preferents S.A.U. (hereinafter the "Company") made no 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 Committee of the FROB drew up a plan for restructuring Unnim, which envisaged that it would become 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 the Unnim total assets to BBVA, which thus acquired the rights and obligations of the absorbed company by universal succession. On 15th March 2013 the BBVA General Meeting approved the merger. Consequently, BBVA was Sole Shareholder of the Company since 31st December 2013.

**Income statement**

The first half year result in 2016 was a loss of €20k. 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 €438k. The operating expenses corresponding to costs on negotiable securities and other financial instruments with third parties amounted to €458k.

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 conducts its business as an issuer of preferred securities 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 the liquidity needed to meet its payments of interest and redemption of issues and its business requirements through deposits subordinated to said issues taken out with BBVA.
- Credit risk. Given that the counterparty of the deposits constituted is BBVA, the Company deems its exposure to credit risk not to be relevant.
- Other market risks. Given that the Company uses the funds obtained to constitute deposits in the same currency, 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 BBVA, so the Company is not exposed to changes in the fair value of these financial instruments.

**Important events occurring after closing the accounts**

Since December 31, 2015 until the date of preparation of these financial statements, no additional events that might have a material effect on these interim financial statements have taken place.

**Outlook for the second half of 2016**

The Company will retain 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, to the extent of their knowledge, the summary financial statements for the period between 1<sup>st</sup> January until 30<sup>th</sup> June 2016, drafted at the meeting dated 22<sup>nd</sup> July 2016, prepared 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 report a faithful analysis of the performance, business earnings and position of CAIXA TERRASSA SOCIETAT DE PARTICIPACIONS PREFERENTS, S.A. UNIPERSONAL, together with the description of the main risks and uncertainties that the Company faces.

Madrid, 22<sup>nd</sup> July 2016

\_\_\_\_\_  
President

MR. ERIK SCHOTKAMP

\_\_\_\_\_  
Director

MR. ESTEBAN AZACETA ÁLVAREZ

\_\_\_\_\_  
Director

MR. FRANCISCO JAVIER COLOMER BETORET

\_\_\_\_\_  
Director

MR. RAÚL MORENO CARNERO