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

Interim Financial Report  
corresponding to 1 January – 30 June 2017

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

### BALANCE SHEETS AS OF 30 JUNE 2017 AND 2016 (€ thousand)

	30/06/2017	30/06/2016	PATRIMONIO NETO Y PASIVO	
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS:</b>			<b>TOTAL NET EQUITY:</b>	
Long-term investments in Group companies and associates	75,000	75,000	EQUITY	1,520
Loans to companies	75,000	75,000	Share capital	100
Deferred tax assets	40	27	Reserves	1,443
			Legal and statutory reserves	20
<b>Total non-current assets</b>	<b>75,040</b>	<b>75,027</b>	Other reserves	1,423
			End-of-period profit	(23)
			<b>Total Net Equity</b>	<b>1,520</b>
			<b>NON-CURRENT LIABILITIES:</b>	
			Long-term debt	73,869
			Debtures and other negotiable securities	73,869
			<b>Total non-current liabilities</b>	<b>73,869</b>
			<b>Short-term debt</b>	<b>275</b>
			Debtures and other negotiable securities	275
			Other financial liabilities	-
			Trade creditors and other accounts payable	-
			Miscellaneous creditors	-
			Short-term debt with Group companies and associates	-
			<b>Total current liabilities</b>	<b>275</b>
<b>Total current assets</b>	<b>624</b>	<b>1,147</b>	<b>TOTAL NET ASSETS &amp; LIABILITIES</b>	<b>75,664</b>
<b>TOTAL ASSETS</b>	<b>75,664</b>	<b>76,174</b>		<b>76,174</b>

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

**INCOME STATEMENTS CORRESPONDING TO PERIODS FROM 1 JANUARY 2017 TO 30 JUNE 2017 AND TO 1 JANUARY 2016 TO 30 JUNE 2016**

(€ thousand)

	30/06/2017	30/06/2016
<b>CONTINUING OPERATIONS</b>		
<b>Net amount of operating revenues</b>	154	439
Revenues from negotiable securities and other financial instruments	154	439
- In Group companies and associates	154	439
Expenses from negotiable securities and other financial instruments	(173)	(458)
- With third parties	(173)	(458)
<b>Other operating expenses</b>	(4)	(1)
External services	(1)	-
Tax	(3)	(1)
<b>OPERATING INCOME</b>	<b>(23)</b>	<b>(20)</b>
<b>Financial expenses</b>	-	-
On borrowing from Group companies and associates	-	-
<b>FINANCIAL INCOME</b>	-	-
<b>INCOME BEFORE TAX</b>	<b>(23)</b>	<b>(20)</b>
Tax on profits	-	-
<b>END-OF-PERIOD INCOME FROM CONTINUED OPERATIONS</b>	<b>(23)</b>	<b>(20)</b>
<b>DISCONTINUED OPERATIONS</b>		
End-of-period income from discontinued operations net of tax	-	-
<b>END-OF-PERIOD INCOME</b>	<b>(23)</b>	<b>(20)</b>

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

### STATEMENTS OF CHANGES IN TOTAL NET EQUITY CORRESPONDING TO PERIODS FROM 1 JANUARY 2017 TO 30 JUNE 2017 AND TO 1 JANUARY 2016 TO 30 JUNE 2016

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

(€ thousand)

	30/06/2017	30/06/2016
<b>RESULT OF THE INCOME STATEMENT (I)</b>	(23)	(20)
<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>	(23)	(20)

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

**STATEMENTS OF CHANGES IN TOTAL NET EQUITY CORRESPONDING TO PERIODS FROM 1 JANUARY 2017 TO 30 JUNE 2017 AND TO 1 JANUARY 2016 TO 30 JUNE 2016**

**B ) TOTAL STATEMENTS OF CHANGES IN NET EQUITY**

(€ thousand)

	Capital	Legal reserve	Voluntary reserves	End-of-period profit	TOTAL
<b>END OF YEAR BALANCE 2016</b>	100	20	1,453	(30)	1,543
Adjustments for changes in accounting standards 2016	-	-	-	-	-
Adjustments for errors 2016	-	-	-	-	-
<b>ADJUSTED BALANCE AT BEGINNING OF 2017</b>	100	20	1,453	(30)	1,543
<b>Total revenues and expenses recognised</b>					
Transactions with Shareholders	-	-	-	-	(23)
- Capital increases	-	-	-	-	-
- Capital reductions	-	-	-	-	-
- Distribution of dividends	-	-	-	-	-
- Transactions with treasury shares (net)	-	-	-	-	-
- Other transactions	-	-	-	-	-
<b>Other changes in net equity</b>			(30)	30	
<b>FINAL BALANCE AT 30/JUN/2017</b>	100	20	1,423	(23)	1,520

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

STATEMENTS OF CASH FLOW AS OF 30 JUNE 2017 AND 30 JUNE 2016

(€ thousand)

	30/06/2017	30/06/2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES (i)</b>	(5)	(4)
End-of-period profit before tax	(23)	(20)
Adjustment to earnings:	19	19
- 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	(154)	(439)
- Financial expenses	173	456
- Exchange-rate differences	-	-
- Change in fair value of financial instruments	-	-
- Other revenues and expenses	-	-
<b>Changes in current capital</b>	(1)	(3)
- Stock	-	-
- Debtors and other accounts receivable	-	-
- Other current assets	-	-
- Creditors and other accounts payable	-	-
- Other current liabilities	(1)	(3)
- 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>	-	-
- 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 from financial liability instruments</b>	-	-
- 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	-	-
- 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>	(5)	(4)
Cash or equivalent at beginning of period	354	367
Cash or equivalent at end of period	349	363

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

Notes to the interim accounts corresponding to 1 January – 30 June 2017

### 1. Company description

Caixa Terrassa Societat de Participacions Preferents, S.A.U. (hereinafter, the "Company") was constituted on 20 November 2000 under the name of Caixa Terrassa Preference Limited, with registered offices in the Cayman Islands. On 30 December 2004, its company name was changed to the current one and its registered offices were changed to La Rambla d' Ègara, 350, in Terrassa. It currently has its registered offices in Bilbao, Gran Vía de don Diego López de Haro, No. 12, upon relocation in 2014.

The Company's exclusive corporate purpose is the issuance of preferred securities for placement in national and international markets. The cash obtained from the issues of preferred securities is deposited in Banco Bilbao Vizcaya Argentaria, S.A., its sole shareholder.

### 2. Presentation standards

The accounting standards applied in these interim financial statements, corresponding to the period ending on 30 June 2017, are those described in the Company's audited annual accounts for 2016. There has been no change in the accounting criteria.

### 3. Loans to Group companies

The balance on the account "Long-term investments in Group companies and associates – Loans to companies" of the balance sheet as of 30 June 2017 reflects the deposit that the Company held, as a result of the issuance of preferred securities.

The detail of the deposit as of 30 June 2017 is as follows:

	Constitution Date	Maturity Date	Interest	Amount (€ thousand)
Deposit "Series B" (Euros)	10/08/2005	Perpetual maturity with an early redemption option from the fifth year	Annual payment: 10- year CMS rate plus 0.10% (*).	75,000
			<b>Total</b>	<b>75,000</b>

(\*) If the Agent Bank is unable to determine the 10-year CMS rate, 6-month Euribor will be used as an alternative interest rate.

The balance on the item "Short-term investments in Group companies and associates – Loans to companies" of the balance sheet as of 30 June 2017 reflects the amount corresponding to the interest accrued and unpaid on the long-term deposits, which, as of 30 June 2017, amounts to €275 thousand.

Interest generated for the Company from these deposits during the period 1 January - 30 June 2017 was €154 thousand, which is recorded under the item "Net amount of operating revenues – Revenues from negotiable securities and other financial instruments – In Group companies and associates" of the income statement of said period.

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#### **4. Cash and bank balances**

The balance of this item of the balance sheet as of 30 June 2017 corresponds to a non-remunerated current account held at Banco Bilbao Vizcaya Argentaria, S.A., which amounts to €349 thousand.

#### **5. Equity**

##### Share capital

As of 30 June 2017, the Company's share capital, which amounts to €100 thousand, is represented by 10,000 ordinary shares of €10 par value each, fully subscribed and paid-up 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 allocate 10% of the profits they obtain during a financial year as legal reserve until this accounts for at least 20% of the share capital. The legal reserve could only be used to increase the share capital in the part of the balance exceeding 10% of the capital already increased. Except for this purpose, and as long as it does not exceed 20% of the share capital, this reserve shall only be used to offset losses and only in the event that no other existing reserves are available to meet this requirement. As of 30 June 2017, the Company's legal reserve was totally constituted.

#### **6. Debentures and other negotiable securities**

The following is a breakdown of the components comprising the item "Long-term debt - Debentures and other negotiable securities" of the balance sheet as of 30 June 2017:

Item (€ thousand)	30/06/2017
Issues	75,000
Depreciable costs	(1,131)
<b>Total</b>	<b>73,869</b>

The outstanding issuance comprising the item "Long-term debt – Debentures and other negotiable securities" as of 30 June 2017 (in € thousand) is as follows:

	Constitution Date	Maturity Date	Interest	Amount (€ thousand)
Preferred Securities "Series B"	10/08/2005	Perpetual maturity with an early redemption option from the fifth year	Annual payment: 10- year CMS rate plus 0.10% (*)	75,000
			<b>Total</b>	<b>75,000</b>

(\*) If the Agent Bank is unable to determine the 10-year CMS rate, 6-month Euribor will be used as an alternative interest rate.

The issuance is jointly and severally and irrevocably guaranteed by Banco Bilbao Vizcaya Argentaria, S.A. The resources obtained from this issue have been deposited at Banco Bilbao Vizcaya Argentaria, S.A.

The expenses stemming from this issue, recorded to earnings as of 30 June 2017, amounted to €19 thousand, which the Company recorded under the item "Expenses from negotiable securities and other financial instruments - With third parties" on the attached income statement. As of 30 June 2017, there were depreciable costs on issues pending to be recorded to the income statement amounting to €1,131 thousand.



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The interest accruing on this issue as of 30 June 2017 was €173 thousand and is recorded to the item "Expenses from negotiable securities and other financial instruments - With third parties" in the attached income statement.

Likewise, the interest accruing and pending payment on this issue is recorded to the item "Short term debt – Debentures and other negotiable securities" and amounted to €275 thousand as of 30 June 2017.

As of 30 June 2017, the outstanding issuance, corresponding to Preferred Securities "Series B", was trading on the Euronext Amsterdam.

## **7. Other operating expenses**

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

	€ thousand
Court Services/Registries/Lawyers	1
Tax	3
<b>Total Professional Services</b>	<b>4</b>

The Company does not incur salary expenses, since it does not have workforce. The management of the Company is carried out by staff from the BBVA Group.

## **8. Related-party transactions and balances**

The main balances and transactions made by the Company with other companies belonging to the BBVA Group as of 30 June 2017 correspond to balances and transactions with its sole shareholder, Banco Bilbao Vizcaya Argentaria, S.A, or to other companies of the BBVA Group, and are as follows:

Item (€ thousand)	30/06/2017
<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	275
Deferred tax assets	40
Cash and bank balances	349
<b>INCOME STATEMENT:</b>	
<b>Revenues/(Expenses)-</b>	
Net amount of operating revenues -Revenues from negotiable securities and other financial instruments	154
Financial expenses - On borrowing from Group companies and associates	-

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## **9. Other creditors**

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

	<b>30/06/2017</b>
	<b>Days</b>
Average suppliers' payment period	9
Paid operations ratio	16
Unpaid operations ratio	0
	<b>€ thousand</b>
<b>Total payments made in the year</b>	1
<b>Total pending payments</b>	0

Under the ICAC Resolution, in order to calculate the average payment period to suppliers, it is 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 transactions.

The maximum legal payment term applicable to the Company in 2017, according to Law 15/2010, of 5 July, modifying Law 3/2004, by which measures to prevent late payment in commercial transactions are established, is 30 days. However, Law 11/2013, of 26 July, 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.

## **10. Subsequent events**

Since 30 June 2017 until the date of preparation of these financial statements, no additional event that might have a material effect on said statements has taken place.

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

Interim management report corresponding to 1 January – 30 June 2017

### **Company description**

Caixa Terrassa Societat de Participacions Preferents, S.A.U. (hereinafter, the "Company") was constituted on 20 November 2000 under the name of Caixa Terrassa Preference Limited, with registered offices in the Cayman Islands. On 30 December 2004, its company name was changed to the current one and its registered offices were changed to La Rambla d' Ègara, 350, in Terrassa. It currently has its registered offices in Bilbao, Gran Vía de don Diego López de Haro, No. 12, upon relocation in 2014.

The Company's exclusive corporate purpose is the issuance of preferred securities for placement in national and international markets. The cash obtained from the issues of preferred securities is deposited in Banco Bilbao Vizcaya Argentaria, S.A., its sole shareholder.

During the first half of 2017, the Company has not issued any additional debt securities. The only outstanding issuance corresponds to preferred securities "Series B", which is traded on the Euronext Amsterdam.

All issues are jointly, severally and irrevocably guaranteed by its sole shareholder, Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter "BBVA").

### **Income statement**

The result corresponding to the first half of 2017 was a loss of €23 thousand. The operating revenues of the Company, corresponding to revenues from negotiable securities and other financial instruments in Group companies and associates amounted to €154 thousand during the first half of year 2017. The operating expenses corresponding to expenses on negotiable securities and other financial instruments with third parties amounted to €173 thousand.

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

The Company does not incur salary expenses, since it does not have workforce. The management of the Company is carried out by staff from the BBVA Group.

### **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, obtaining the financing facilities required for its operation from the Group on an on-going 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 both interest received from the deposit and interest paid on the issuance, thereby offsetting variations in interest rates in their entirety.
- **Liquidity risk:** The Company obtains the liquidity needed to meet interest payments and redemption of the issuance and for its business activities through the deposit associated to said issuance, its cash and the current account held with its Sole Shareholder.
- **Credit risk:** Given that the counterparty of the deposit is BBVA, the Company considers that its exposure to this risk is not relevant.

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- **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 issuance does not differ significantly from the deposit constituted, since their characteristics (amount, term and interest rate) coincide.

#### **Subsequent events**

Since 30 June 2017 until the date of preparation of these financial statements, no additional event that might have a material effect on said statements has taken place.

#### **Outlook for the second half of 2017**

The Company will maintain its corporate purpose and will continue its strategy of managing its current issuance, undertaking, if any, new issues under the BBVA Group's strategy.

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**DECLARATION OF RESPONSIBILITY FOR THE INTERIM FINANCIAL REPORT**

The members of the Board of Directors of CAIXA TERRASSA SOCIETAT DE PARTICIPACIONS PREFERENTS, S.A. UNIPERSONAL hereby declare that, to the extent of their knowledge, the interim financial statements for the period between 1 January until 30 June 2017, drafted at the meeting held on 20 July 2017, and 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 interim management report includes 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, 20 July 2017

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Chairman

ANTONIO BORRAZ PERALTA

\_\_\_\_\_  
Director

ESTEBAN AZACETA ÁLVAREZ

\_\_\_\_\_  
Director

FRANCISCO JAVIER COLOMER BETORET

\_\_\_\_\_  
Director

IGNACIO ECHEVARRÍA SORIANO

\_\_\_\_\_  
Director

RAÚL MORENO CARNERO