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

Interim Financial Report  
corresponding to 1 January – 30 June 2019

Translation of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain. In the event of a discrepancy, the Spanish-language version prevails.

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

### BALANCE SHEETS AS OF JUNE 30, 2019 AND 2018

(Thousand Euros)

ASSETS	06/30/2019	06/30/2018 (*)	SHAREHOLDER'S EQUITY AND LIABILITIES	06/30/2019	06/30/2018 (*)
<b>NON-CURRENT ASSETS</b>			<b>EQUITY</b>		
Long-term investments in Group and associated companies	75.000	75.000	SHAREHOLDER'S EQUITY (Note 5)	1.455	1.487
Loans to companies (Note 3)	75.000	75.000	Capital Stock	100	100
Deferred tax assets	68	54	Reserves	1.377	1.410
Total non-current assets	75.068	75.054	Legal and bylaw reserves	20	20
			Other reserves	1.357	1.390
			Profit/(Loss) of the year	(22)	(23)
			Total shareholder's equity	1.455	1.487
<b>CURRENT ASSETS</b>			<b>NON-CURRENT LIABILITIES</b>		
Short-term investments in Group and associated companies	683	648	Long-term payables	73.946	73.908
Loans to companies (Note 3)	683	648	Debentures and other marketable securities (Note 6)	73.946	73.908
Cash and cash equivalents	333	342	Total non-current liabilities	73.946	73.908
Cash (Note 4)	333	342	<b>CURRENT LIABILITIES</b>		
Total current assets	1.016	990	Current payables	683	649
<b>TOTAL ASSETS</b>	<b>76.084</b>	<b>76.044</b>	Debentures and other marketable securities (Note 6)	683	648
			Other financial liabilities	-	1
			Trade and other payables	-	-
			Other payables	-	-
			Total current liabilities	683	649
			<b>TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES</b>	<b>76.084</b>	<b>76.044</b>

(\*) Presented for comparison purposes only.

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

### INCOME STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2019 AND 2018

(Thousand Euros)

	06/30/2019	06/30/2018 (*)
<b>CONTINUING OPERATIONS</b>		
<b>Net Revenue</b>	<b>382</b>	<b>362</b>
Revenue from marketable securities and other financial assets	382	362
- Group companies and associates (Note 3)	382	362
<b>Expenses from marketable securities</b>	<b>(401)</b>	<b>(382)</b>
- On debts to third parties (Note 6)	(401)	(382)
<b>Other operating expenses (Note 7)</b>	<b>(3)</b>	<b>(3)</b>
External services	(2)	(1)
Taxes	(1)	(2)
<b>PROFIT/LOSS FROM OPERATIONS</b>	<b>(22)</b>	<b>(23)</b>
<b>FINANCIAL PROFIT/LOSS</b>	<b>-</b>	<b>-</b>
<b>PROFIT/LOSS BEFORE TAX</b>	<b>(22)</b>	<b>(23)</b>
Income tax	-	-
<b>PROFIT/LOSS FOR THE YEAR FROM CONTINUING OPERATIONS</b>	<b>(22)</b>	<b>(23)</b>
<b>DISCONTINUED OPERATIONS</b>		
Profit/Loss for the year from discontinued operations net of tax	-	-
<b>PROFIT/LOSS FOR THE YEAR</b>	<b>(22)</b>	<b>(23)</b>

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

**STATEMENTS OF CHANGES IN TOTAL EQUITY FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2019 AND 2018**

**A) STATEMENTS OF RECOGNISED INCOME AND EXPENSE**

(Thousand Euros)

	06/30/2019	06/30/2018 (*)
<b>PROFIT/LOSS PER INCOME STATEMENT (I)</b>	<b>(22)</b>	<b>(23)</b>
Income and expenses recognised directly in equity	-	-
Arising from revaluation of financial instruments	-	-
Arising from cash flow hedges	-	-
Grants, donations or gifts and legacies received	-	-
Arising from actuarial gains and losses and other adjustments	-	-
Tax effect	-	-
<b>TOTAL INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY (II)</b>	<b>-</b>	<b>-</b>
Transfers to profit or loss	-	-
Arising from revaluation of financial instruments	-	-
Arising from cash flow hedges	-	-
Grants, donations or gifts and legacies received	-	-
Tax effect	-	-
<b>TOTAL TRANSFERS TO PROFIT OR LOSS (III)</b>	<b>-</b>	<b>-</b>
<b>TOTAL RECOGNISED INCOME AND EXPENSE (I+II+III)</b>	<b>(22)</b>	<b>(23)</b>

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

### STATEMENTS OF CHANGES IN TOTAL EQUITY FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2019 AND 2018

#### B) STATEMENTS OF CHANGES IN TOTAL EQUITY (Thousand Euros)

	Capital Stock	Legal Reserves	Other Reserves	Profit/Loss for the year	TOTAL
<b>BALANCE AT DECEMBER 31, 2018 (*)</b>	100	20	1.390	(33)	1.477
Adjustments due to changes in accounting policies 2018	-	-	-	-	-
Adjustments due to errors 2018	-	-	-	-	-
<b>ADJUSTED BALANCE AT THE BEGINNING OF 2018 (*)</b>	100	20	1.390	(33)	1.477
<b>Total recognised income and expenses</b>					
Other changes in equity				(22)	(22)
- Capital increases				-	-
- Capital reductions				-	-
- Dividends paid				-	-
- Treasury share transactions (net)				-	-
- Other transactions				-	-
Other changes in equity			(33)	33	-
<b>BALANCE AT JUNE 30, 2019</b>	100	20	1.357	(22)	1.455

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CAIXA TERRASA SOCIETAT DE PARTICIPACIONS PREFERENTS, S.A.U.

CASH FLOW STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2019 AND 2018

(Thousand Euros)

	06/30/2019	06/30/2018 (*)
<b>CASH FLOW FROM OPERATING ACTIVITIES (I)</b>		
Profit/Loss for the year before tax	(7)	(5)
Adjustments for:	(22)	(23)
- Depreciation and amortisation charge	19	20
- Impairment losses	-	-
- Changes in provisions	-	-
- Recognition of grants in profit or loss	-	-
- Gains/Losses on derecognition and disposal of non-current assets	-	-
- Gains/Losses on derecognition and disposal of financial instruments	-	-
- Finance income	(382)	(362)
- Finance costs	401	382
- Exchange differences	-	-
- Changes in fair value of financial instruments	-	-
- Other income and expenses	-	-
Changes in working capital	(4)	(2)
- Inventories	-	-
- Trade and other receivables	-	-
- Other current assets	-	-
- Trade and other payables	(4)	(2)
- Other current liabilities	-	-
- Other non-current assets and liabilities	-	-
Other cash flows from operating activities	-	-
- Interest paid	-	-
- Dividends received	-	-
- Interest received	-	-
- Income tax recovered (paid)	-	-
- Other amounts received (paid)	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES (II)</b>		
Payments due to investment	-	-
- Group companies and associates	-	-
- Intangible assets	-	-
- Property, plant and equipment	-	-
- Investment property	-	-
- Other financial assets	-	-
- Non-current assets classified as held for sale	-	-
- Other assets	-	-
Proceeds from disposal	-	-
- Group companies and associates	-	-
- Intangible assets	-	-
- Property, plant and equipment	-	-
- Investment property	-	-
- Other financial assets	-	-
- Non-current assets classified as held for sale	-	-
- Other assets	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES (III)</b>		
Proceeds and payments relating to equity instruments	-	-
- Proceeds from issue of equity instruments	-	-
- Redemption of equity instruments	-	-
- Purchase of treasury shares	-	-
- Disposal of treasury shares	-	-
- Grants, donations or gifts and legacies received	-	-
Proceeds and payments relating to financial liability instruments	-	-
- Proceeds from issue of debt instruments and other marketable securities	-	-
- Proceeds from issue of bank borrowings	-	-
- Proceeds from issue of borrowings from Group and associated companies	-	-
- Proceeds from issue of other borrowings	-	-
- Redemption of debt instruments and other marketable securities	-	-
- Repayment of bank borrowings	-	-
- Repayment of borrowings from Group and associated companies	-	-
- Repayment of other borrowings	-	-
Dividends and returns on other equity instruments paid	-	-
- Dividends	-	-
- Returns on other equity instruments	-	-
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES (IV)</b>		
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III+IV)</b>	<b>(7)</b>	<b>(5)</b>
Cash and cash equivalents at the beginning of the year	340	347
Cash and cash equivalents at the end of the year	333	342

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

Notes to the interim accounts corresponding to 1 January – 30 June 2019

### **1. Company description**

Caixa Terrassa Societat de Participacions Preferents, S.A.U. (hereinafter, the "**Company**") was incorporated on 20 November 2000 under the corporate name of Caixa Terrassa Preference Limited, with registered office in the Cayman Islands. On 30 December 2004, its corporate name was changed to the current one and its registered office were changed to La Rambla d' Ègara, 350, in Terrassa (Barcelona). It currently has its registered office in Bilbao, Gran Vía de don Diego López de Haro, No. 12, upon relocation in 2014 by virtue of Banco Bilbao Vizcaya Argentaria, S.A.'s ("**BBVA**" or the "**Soleshareholder**") decision.

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 by the Company in its Soleshareholder.

### **2. Presentation standards**

The accounting standards applied in these interim financial statements, corresponding to the period between 1 June 2019 and 30 June 2019 are those described in the Company's audited annual accounts for 2018. There has been no change in the accounting criteria.

### **3. Intragroup loans**

The balance on the account "Non-current investments in group companies and associates" of the balance sheets as of 30 June 2019 and 2018 reflect the deposit that the Company held, as a result of the issuance of preferred securities.

The detail of the deposit held by the Company as of 30 June 2019 and 2018 is as follows:

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

(\*). If the Agent Bank is not able to determine the 10-year CMS rate, 6-month Euribor will be used as an alternative interest rate.

The balance on the item "Current investments in group companies and associates" of the balance sheets as of 30 June 2019 and 2018 basically reflect the amount corresponding to the interest accrued and unpaid on the long-term deposits, which, as of 30 June 2019 and 2018, amount to €683 and €648 thousand, respectively.

Interest generated for the Company from these deposits during the period 1 January - 30 June 2019 and during the period 1 January - 30 June 2018 were €382 and €362 thousand, respectively, and are recorded under the item "Revenue" of the income statement of said periods.

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

The balance of this item of the balance sheet as of 30 June 2019 and 2018 correspond to a non-remunerated current account held at BBVA, for an amount up to €333 and €342 thousand, respectively.

#### **5. Equity**

##### Share capital

As of 30 June 2019 and 2018, 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 BBVA.

The Company shares are not listed 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 2019, 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 sheets as of 30 June 2019 and 2018:

Item (€ thousand)	Thousand Euros	
	30/06/2019	30/06/2018
Issues	75,000	75,000
Depreciable costs	(1,054)	(1,092)
<b>Total</b>	<b>73,946</b>	<b>73,908</b>

The outstanding issuance comprising the item "Long-term debt – Debentures and other negotiable securities" as of 30 June 2019 and 2018 (in € thousand) is as follows:

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

(\*) If the Agent Bank is not able 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 BBVA. The resources obtained from this issue have been deposited at BBVA.

As of 30 June 2019 and 2018, there were depreciable costs on issues pending to be recorded to the income statement amounting to €1,054 and €1,092 thousand, respectively.



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The interest accruing on this issue as well as the relevant depreciable costs as of 30 June 2019 and 2018 were €401 and €382 thousand and are recorded to the item "Expenses from negotiable securities and other financial instruments - With third parties" in the attached income statements.

Likewise, the interest accruing and pending payment on this issue is recorded to the item "Current investments in group companies and associates" and amounted to €683 and €648 thousand as of 30 June 2019 and 2018, respectively.

As of 30 June 2019, the outstanding issuance, corresponding to Preferred Securities "Series B", was trading on the Euronext Amsterdam Market.

## **7. Other operating expenses**

The following services are included in the balance of the item "Other operating expenses" of the attached income statement as of 30 June 2019:

	€ thousand
Court Services/Registries/Lawyers	1
Other Services	1
Taxes	1
<b>Total other operating expenses</b>	<b>3</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 2019 and 2018 correspond to balances and transactions with its Sole shareholder or companies of the BBVA Group, and are as follows:

Item (€ thousand)	Thousand euros	
	30/06/2019	30/06/2018
<b>BALANCE SHEET:</b>		
<b>Assets -</b>		
Non-current investments in group companies and associates (Note 3)	75,000	75,000
Deferred tax assets	68	54
Current investments in group companies and associates (Note 3)	683	648
Cash and bank balances (Note 4)	333	342
<b>INCOME STATEMENT:</b>		
<b>Revenues/(Expenses)-</b>		
Revenues (Note 3)	382	362

## **9. Other creditors**

Set forth below are the disclosures required by Additional Provision Three of Law 15/2010, of 5 July (amended by Final Provision Two of Law 31/2014, of 3 December) 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 (hereinafter, the "Resolution").

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	30/06/2019	30/06/2018
	<b>Days</b>	
Average suppliers' payment period	31	17
Paid operations ratio	31	17
Unpaid operations ratio	-	1
	<b>€ thousand</b>	
<b>Total payments made in the year</b>	7	5
<b>Total pending payments</b>	-	1

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 in 2019 and 2018, according to Law 11/2013, of July 26, on measures to support the entrepreneur and the stimulation of growth and job creation is 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 in both exercises.

#### **10. Subsequent events**

Since 30 June 2019 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. UNIPERSONAL**

Interim management report corresponding to 1 January – 30 June 2019

### **Company description**

The sole company object of Caixa Terrassa Societat de Participacions Preferents, S.A. Unipersonal (the "Company") is the issuance of preference shares to be placed on domestic and international markets. The Company creates deposits out of cash obtained through issues of preference shares launched through Banco Bilbao Vizcaya Argentaria, S.A. ("BBVA" or the "Soleshareholder").

During the first half of 2019, the Company has not issued any debt securities.

All issues are jointly, severally and irrevocably guaranteed by its Soleshareholder.

As of 30 June 2019, BBVA is the Soleshareholder of the Company.

### **Income statement**

The result corresponding to the first half of 2019 was a loss of €22 thousand. The operating income of the Company, revenues from negotiable securities and other financial instruments in Group companies and associates, amounted to €382 thousand during the first half of year 2019. The expenses on negotiable securities and other financial instruments with third parties amounted, for the first half of 2019, to €401 thousand, and the operating expenses corresponding to such period, to €3 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 Banco Bilbao Vizcaya Argentaria Group (the "BBVA Group" or the "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 the interest received from deposits and the interest paid on issues. Therefore, the changes in interest rates offset each other, and the margins are maintained.
- **Liquidity risk:** The Company obtains the liquidity required to meet interest payments, redemptions of issues and the needs for its business activities from its own cash and cash equivalents and the subordinated deposits on the issues arranged with the Soleshareholder.
- **Credit risk:** Since in all cases the counterparty of the deposits is its Soleshareholder, the Company considers that its exposure to this risk is not relevant.

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- **Other market risks:** The fair value of the issues launched does not differ significantly from the amount of the deposits made as their features (amount, term and interest rate) are the same.

#### **Use of financial instruments**

Hybrid financial instruments are those that combine a non-derivative principal contract and a financial derivative (embedded derivative) that cannot be independently transferred.

As of 30 June 2019, the Company has not recognized any hybrid financial instrument on its balance sheet.

#### **Research and Development**

Due to the Company's activity, it does not incur into any research and development expenses.

#### **Subsequent events**

Since 30 June 2019 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 2019**

As part of the overall strategy of the BBVA Group to which the Company belongs, it has been decided not to continue to use issuing vehicles to issue financial instruments on the domestic and international markets, and therefore, once all of the Company's outstanding issues have expired, no future issues are expected.

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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 2019, drafted at the meeting held on 9 July 2019, 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, 9 July 2019

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Chairman  
ANTONIO BORRAZ PERALTA

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Director  
ESTEBAN AZACETA ÁLVAREZ

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Director  
IGNACIO ECHEVARRÍA SORIANO

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Director  
RAÚL MORENO CARNERO