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

Interim Financial Report
corresponding to 1 January – 30 June 2020

accounting principles in Spain. In the event of a discrepancy, the Spanish-language version prevails.

Caixa Terrassa Societat de Participacions Preferents, S.A.U. (Sole-Shareholder Company)

BALANCE SHEETS AS OF JUNE 30, 2020 AND 2019
(Thousand Euros)

ASSETS	06/30/2020	06/30/2019 (*)	SHAREHOLDER'S EQUITY AND LIABILITIES	06/30/2020	06/30/2019 (*)
NON-CURRENT ASSETS			EQUITY		
Long-term investments in Group and associated companies	75.000	75.000	SHAREHOLDER'S EQUITY (Note 5)	1.421	1.455
Loans to companies (Note 3)	75.000	75.000	Capital Stock	100	100
Deferred tax assets	82	68	Reserves	1.377	1.377
Total non-current assets	75.082	75.068	Legal and bylaw reserves	20	20
			Other reserves	1.357	1.357
			Prior periods' profit and loss	(33)	-
			Profit/(Loss) of the year	(23)	(22)
			Total shareholder's equity	1.421	1.455
			NON-CURRENT LIABILITIES		
			Long-term payables	73.985	73.946
			Debtentures and other marketable securities (Note 6)	73.985	73.946
			Total non-current liabilities	73.985	73.946
CURRENT ASSETS					
Short-term investments in Group and associated companies	-	683	CURRENT LIABILITIES		
Loans to companies (Note 3)	-	683	Short-term payables	1	683
Cash and cash equivalents	325	333	Debtentures and other marketable securities (Note 6)	-	683
Cash (Note 4)	325	333	Trade and other payables	1	-
Total current assets	325	1.016	Total current liabilities	1	683
TOTAL ASSETS	75.407	76.084	TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES	75.407	76.084

(*) Presented for comparison purposes only

Caixa Terrassa Societat de Participacions Preferents, S.A.U. (Sole-Shareholder Company)

INCOME STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020 AND 2019

(Thousand Euros)

	06/30/2020	06/30/2019 (*)
CONTINUING OPERATIONS		
Net Revenue	-	382
Revenue from marketable securities and other financial assets	-	382
- Group companies and associates (Note 3)	-	382
Expenses from marketable securities	(19)	(401)
- On debts to third parties (Note 6)	(19)	(401)
Other operating expenses (Note 7)	(4)	(3)
External services	(3)	(2)
Taxes	(1)	(1)
PROFIT/LOSS FROM OPERATIONS	(23)	(22)
FINANCIAL PROFIT/LOSS	-	-
PROFIT/LOSS BEFORE TAX	(23)	(22)
Income tax	-	-
PROFIT/LOSS FOR THE YEAR FROM CONTINUING OPERATIONS	(23)	(22)
DISCONTINUED OPERATIONS		
Profit/Loss for the year from discontinued operations net of tax	-	-
PROFIT/LOSS FOR THE YEAR	(23)	(22)

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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 Terrassa Societat de Participacions Preferents, S.A.U. (Sole-Shareholder Company)

STATEMENTS OF CHANGES IN TOTAL EQUITY FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020 AND 2019

A) STATEMENTS OF RECOGNISED INCOME AND EXPENSE

(Thousand Euros)

	06/30/2020	06/30/2019 (*)
PROFIT/LOSS PER INCOME STATEMENT (I)	(23)	(22)
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	-	-
TOTAL INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY (II)	-	-
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	-	-
TOTAL TRANSFERS TO PROFIT OR LOSS (III)	-	-
TOTAL RECOGNISED INCOME AND EXPENSE (I+II+III)	(23)	(22)

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Caixa Terrassa Societat de Participacions Preferents, S.A.U. (Sole-Shareholder Company)

STATEMENTS OF CHANGES IN TOTAL EQUITY FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020 AND 2019

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

	Capital Stock	Legal and bylaw reserves	Other reserves	Prior periods' profit and loss	Profit/(Loss) of the year	TOTAL
BALANCE AT DECEMBER 31, 2019 (*)	100	20	1.357	-	(33)	1.444
Adjustments due to changes in accounting policies 2019	-	-	-	-	-	-
Adjustments due to errors 2019	-	-	-	-	-	-
ADJUSTED BALANCE AT THE BEGINNING OF 2020 (*)	100	20	1.357	-	(33)	1.444
Total recognised income and expenses	-	-	-	-	(23)	(23)
Other changes in equity	-	-	-	-	-	-
- Capital increases	-	-	-	-	-	-
- Capital reductions	-	-	-	-	-	-
- Dividends paid	-	-	-	-	-	-
- Treasury share transactions (net)	-	-	-	-	-	-
- Other transactions	-	-	-	-	-	-
Other changes in equity	-	-	-	(33)	33	-
BALANCE AT JUNE 30, 2020	100	20	1.357	(33)	(23)	1.421

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Caixa Terrassa Societat de Participacions Preferents, S.A. (Sole-Shareholder Company)

CASH FLOW STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020 AND 2019

(Thousand Euros)

	06/30/2020	06/30/2019 (*)
CASH FLOW FROM OPERATING ACTIVITIES (I)	(6)	(7)
Profit/Loss for the year before tax	(23)	(22)
Adjustments for:	19	19
- Depreciation and amortisation charge	-	-
- 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)
- Finance costs	19	401
- Exchange differences	-	-
- Changes in fair value of financial instruments	-	-
- Other income and expenses	-	-
Changes in working capital	(2)	(4)
- Inventories	-	-
- Trade and other receivables	-	-
- Other current assets	-	-
- Trade and other payables	-	-
- Other current liabilities	(2)	(4)
- 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)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES (II)	-	-
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	-	-
CASH FLOWS FROM FINANCING ACTIVITIES (III)	-	-
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	-	-
EFFECT OF FOREIGN EXCHANGE RATE CHANGES (IV)	-	-
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III+IV)	(6)	(7)
Cash and cash equivalents at the beginning of the year	331	347
Cash and cash equivalents at the end of the period	325	333

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

Notes to the interim accounts corresponding to 1 January – 30 June 2020

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 Company deposits in BBVA the cash obtained from the issues of preferred securities.

As a result of the pandemic caused by COVID-19, and the restrictive measures implemented by the different countries affected in order to contain the spread, including, among others, isolation, confinement, quarantine and restrictions on the free movement of persons, closure of public and private venues, save for those considered medical or first need, closure of borders and dramatic reduction in air, water, rail and road transport, the global economy has been significantly impacted and there has been an increase in the economic uncertainty. However, to the date of this financial report, the Company has not been affected, nor is it expected to be significantly affected, by the impacts that may derive from such pandemic.

2. Presentation standards

The accounting standards applied in these interim financial statements, corresponding to the period between 1 June 2020 and 30 June 2020 are those described in the Company's audited annual accounts for 2019. There has been no change in the accounting criteria.

Because the amounts included in this financial report are presented in thousands of euros, except in cases where it is necessary to use smaller units, certain entries included in the financial statements without an amount, may present it in units of euro. In order to show the amounts in thousands of euros, the account balances have been rounded.

3. Intragroup loans

The balance on the account “*Long-term investments in Group and associated companies – Loans to companies*” of the balance sheets as of 30 June 2020 and 2019 reflect the deposit that the Company held, as a result of the issuance of preferred securities (see Note 6).

The detail of the deposit held by the Company as of 30 June 2020 and 2019 is as follows:

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	Constitution Date	Maturity Date	Interest	Thousand euros
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
			Total	75,000

(*) 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 "Short-term investments in Group and associated companies – Loans to companies" of the balance sheets as of 30 June 2020 and 2019 basically reflect the amount corresponding to the interest accrued and unpaid on the long-term deposit, for an amount of 683 thousand euros. As of 30 June 2020, the Company has no interests accrued and unpaid of such deposit.

Between 1 January and 30 June 2020 the Company has not accrued any interest on this deposit. The interests generated for the Company from this deposit during the period 1 January - 30 June 2020 were 382 thousand euros, and are recorded under the item "Net Revenue – Revenue from marketable securities and other financial statements – Group companies and associates" of the income statement of said period.

4. Cash and bank balances

The balance of this item of the balance sheet as of 30 June 2020 and 2019 correspond to a non-remunerated current account held at BBVA, for an amount up to 325 and 333 thousand euros, respectively.

5. Equity

Share capital

As of 30 June 2020 and 2019, the Company's share capital, which amounts to 100 thousand euros, is represented by 10,000 ordinary shares of 10 euros 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 2020, 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 payables – Debentures and other marketable securities" of the balance sheets as of 30 June 2020 and 2019:

Item	Thousand Euros	
	06/30/2020	06/30/2019
Issues	75,000	75,000
Depreciable costs	(1,015)	(1,054)
Total	73,985	73,946

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The outstanding issuance comprising the item "Long-term payables – Debentures and other marketable securities" as of 30 June 2020 and 2019 is as follows:

	Constitution Date	Maturity Date	Interest	Thousand euros
Preferred Securities "Series B"	08/10/2005	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
			Total	75,000

(*) 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 (see Note 3).

As of 30 June 2020 and 2019, there were depreciable costs on issues pending to be recorded to the income statement amounting to 1,015 and 1,054 thousand euros, respectively.

The interest accruing on this issue as well as the relevant depreciable costs as of 30 June 2020 and 2019 were 19 and 401 thousand euros, respectively, and are recorded to the item "Expenses from marketable securities – On debts to third parties" in the attached income statements.

Likewise, the interest accruing and pending payment on this issue is recorded to the item "Short-term payables – Debentures and other marketable securities". As of 30 June 2020 there were no accrued and unpaid interests on this issue, while as of 30 June 2019 the interests accrued and pending payment amounted to 683 thousand euros.

As of 30 June 2020 and 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 – External services" of the attached income statement as of 30 June 2020:

	Thousand euros
Court Services/Registries/Lawyers	1
Other Services	2
Taxes	1
Total other operating expenses	4

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 2020 and 2019 correspond to balances and transactions with its Sole shareholder or companies of the BBVA Group, and are as follows:

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Item	Thousand euros	
	06/30/2020	06/30/2019
BALANCE SHEET:		
Assets -		
Long-term investments in Group and associated companies (Note 3)	75,000	75,000
Deferred tax assets	82	68
Short-term investments in Group and associated companies (Note 3)	-	683
Cash (Note 4)	325	333
INCOME STATEMENT:		
Revenues/(Expenses)-		
Revenue from marketable securities and other financial assets – Group companies and associates (Note 3)	-	382

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").

	06/30/2020	06/30/2019
	Days	
Average suppliers' payment period	22	31
Paid operations ratio	25	31
Unpaid operations ratio	1	-
	Thousand euros	
Total payments made in the year	6	7
Total pending payments	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 during financial years 2020 and 2019, 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 2020 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 2020

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 2020, the Company has not issued any debt securities.

The issue is jointly, severally and irrevocably guaranteed by its Soleshareholder.

As of 30 June 2020, BBVA is the Soleshareholder of the Company.

Income statement

The result corresponding to the first half of 2020 was a loss of 23 thousand euros. The expenses on negotiable securities and other financial instruments with third parties have amounted, for the first half of 2020, to 19 thousand euros, and the operating expenses corresponding to such period, to 4 thousand euros.

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 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 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 the subordinated deposits on the issues arranged with the Soleshareholder and from its own cash and cash equivalents.
- **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.
- **Market risk:** 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.

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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 2020, 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 2020 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 2020

As a result of the pandemic caused by COVID-19, and the restrictive measures implemented by the different countries affected in order to contain the spread, including, among others, isolation, confinement, quarantine and restrictions on the free movement of persons, closure of public and private venues, save for those considered medical or first need, closure of borders and dramatic reduction in air, water, rail and road transport, the global economy has been significantly impacted and there has been an increase in the economic uncertainty. However, to the date of this financial report, the Company has not been affected, nor is it expected to be significantly affected, by the impacts that may derive from such pandemic.

The Company will continue to carry out its activity within the overall strategy of the BBVA Group, having decided not to continue to use issuing vehicles to issue financial instruments on the domestic and international markets. Therefore, once the only outstanding issue of the Company has been repaid, 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 2020, drafted at the meeting held on 29 July 2020, 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.

Chairman

ANTONIO BORRAZ PERALTA

Director

ESTEBAN AZACETA ÁLVAREZ

Director

IGNACIO ECHEVARRÍA SORIANO