

BPE PREFERENCE INTERNATIONAL LIMITED

Auditors' report on the annual accounts
At 31 December 2014



INDEPENDENT AUDITOR'S REPORT ON ANNUAL ACCOUNTS

To the Shareholders of BPE Preference International Limited:

Report on the Annual Accounts

We have audited the accompanying annual accounts of BPE Preference International Limited, which comprise the balance sheet as at December 31, 2014, and the income statement, statement of changes in equity, cash flow statement and related notes for the year then ended.

Directors' Responsibility for the Annual Accounts

The Company's Directors are responsible for the preparation of these annual accounts, so that present fairly the equity, financial position and financial performance of BPE Preference International Limited, in accordance with the International Financial Reporting Standards, as identified in Note 2 to the accompanying annual accounts, and for such internal control as Directors determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with legislation governing the audit practice in Spain. This legislation requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's Directors preparation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the annual accounts taken as a whole.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the accompanying annual accounts present fairly, in all material respects, the equity and financial position of BPE Preference International Limited as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

The accompanying Directors' Report for 2014 contains the explanations which the Directors consider appropriate regarding the BPE Preference International Limited' situation, the development of its business and other matters and does not form an integral part of the annual accounts. We have verified that the accounting information contained in the Directors' Report is in agreement with that of the annual accounts for 2014. Our work as auditors is limited to checking the Directors' Report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from the BPE Preference International Limited's accounting records.

PricewaterhouseCoopers Auditores, S.L.

Jose María Sanz Olmeda

April 29, 2015



Miembro ejerciente:
**PRICEWATERHOUSECOOPERS
AUDITORES, S.L.**

Año 2015 Nº 01/15/10129
SELLO CORPORATIVO: 96,00 EUR

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Informe sujeto a la tasa establecida en el
artículo 44 del texto refundido de la Ley
de Auditoría de Cuentas, aprobado por
Real Decreto Legislativo 1/2013 de 1 de julio.
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BPE PREFERENCE INTERNATIONAL LIMITED

Financial Statements and
Auditors' report as at
December 31, 2014

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BPE PREFERENCE INTERNATIONAL LIMITED

BALANCE SHEETS FOR THE YEARS ENDED AS AT DECEMBER 31, 2014 AND 2013
(Expressed in thousands of Euro)

Assets	2014	2013
Current assets	68	41
Due from Parent Company	63	41
Due from Parent Company (Note 6)	63	41
Other assets	5	-
Other assets accounts (Nota 6)	5	-
Non-current assets	8 347	8 351
Due from Parent Company	8 347	8 351
Loan and receivables to the Parent Company (Note 6)	8 347	8 351
Total assets	8 415	8 392
Equity and liabilities		
Current liabilities	3	3
Other accruals (Note 7)	3	3
Non-current liabilities	8 374	8 351
Preference shares (Note 8)	8 347	8 351
Loans and advances (Note 6)	27	-
Shareholder's equity	38	38
Ordinary shares (Note 9)	38	38
Net income / (loss) for the year	-	-
Total equity and liabilities	8 415	8 392

The accompanying notes on pages 9 to 16 are an integral part of these financial statements

BPE PREFERENCE INTERNATIONAL LIMITED

**INCOME STATEMENTS FOR THE YEARS ENDED AS AT DECEMBER 31, 2014 AND
2013**

(Expressed in thousands of Euro)

	<u>2014</u>	<u>2013</u>
Interest income (Note 10)	390	578
Interest expense and similar charges (Note 10)	<u>(386)</u>	<u>(563)</u>
Net operating income	<u>4</u>	<u>15</u>
Fee and commission income (Note 10)	5	-
Gross margin	9	15
General administrative expenses (Note 10)	<u>(9)</u>	<u>(15)</u>
Operating margin	<u>-</u>	<u>-</u>
Net income for the year	<u>-</u>	<u>-</u>



The accompanying notes on pages 9 to 16 are an integral part of these financial statements

BPE PREFERENCE INTERNATIONAL LIMITED

**STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE YEARS
ENDED AS AT DECEMBER 31, 2014 AND 2013
(Expressed in thousands of Euro)**

	<u>Share capital</u>	<u>Reserves</u>	<u>Retained Earnings (Losses)</u>	<u>Total</u>
Year ended December 31, 2013				
Balance at January 1, 2013	38	-	-	38
Others	-	-	-	-
Net profit / (loss)	-	-	-	-
Balance at December 31, 2013	38	-	-	38
Year ended December 31, 2014				
Balance at January 1, 2014	38	-	-	38
Others	-	-	-	-
Net profit / loss	-	-	-	-
Balance at December 31, 2014	38	-	-	38



The accompanying notes on pages 9 to 16 are an integral part of these financial statements

BPE PREFERENCE INTERNATIONAL LIMITED

**STATEMENTS OF CASH FLOW FOR THE YEARS ENDED AS AT DECEMBER 31,
2014 AND 2013
(Expressed in thousands of Euro)**

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Interest income	390	578
Interest expense and similar charges	(386)	(563)
Fee and commission income	5	-
General administrative expenses	<u>(9)</u>	<u>(15)</u>
Cash flows from operating activities before changes in operating assets and liabilities	-	-
Others	<u>22</u>	<u>8</u>
Net cash generated by (used in) operations	<u>22</u>	<u>8</u>
Net increase (decrease) in cash and cash equivalents	22	8
Cash and cash equivalents at beginning of the year	<u>41</u>	<u>33</u>
Cash and cash equivalents at end of the year	<u>63</u>	<u>41</u>

The accompanying notes on pages 9 to 16 are an integral part of these financial statements

BPE PREFERENCE INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS
AT DECEMBER 31, 2014
(Expressed in thousands of Euro)**

1. General Information

BPE Preference International Limited ("BPE Preference" or the "Company") is a finance company incorporated on March 6, 2000 under the name of Popular Preference (Cayman) Limited for an unlimited duration under the Cayman Islands Company's Law with the registration number CR-97816. The registered office of the Company is at P.O. Box 309, George Town, Grand Cayman, British West Indies.

On March 22, 2002, a special resolution was passed by the shareholder of BPE Preference to modify Company's name to BPE Preference International Limited.

The corporate purpose of BPE Preference International Limited's business is the issuance of Preference Shares. Banco Popular Español, S.A., guarantees the repayment of the principal value and interest.

2. Summary of significant accounting policies

a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee (IFRSIC) interpretations applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention. The preparation of financial statements in conformity with IFRS requires these of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. There are no areas, other than fair value estimation, involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements. Actual results could differ from those estimates.

These financial statements have been approved by the Company's Board of Directors on March 24, 2015.

The significant accounting policies adopted by BPE Preference International Limited are summarised below.

b) Changes in accounting policy and disclosures

In the preparation of these financial statements, the Company's Directors have followed the generally accepted accounting principles under International Financial Reporting Standards, which are described in Note 3.

BPE PREFERENCE INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS
AT DECEMBER 31, 2014
(Expressed in thousands of Euro)**

In this context, the following standards and amendments were approved by the IASB on January, 1 2013 and adopted by Regulation (EU) 1254/2012 of December, 1 of the European Parliament and of the Council, setting mandatory adoption for January, 1 2014:

- IFRS 10 "Consolidated financial statements". The definition of control is widened, requiring the analysis of the facts and specific circumstances of each possible Group entity.
- IFRS 11 "Joint arrangements". Among the changes made, for joint ventures, the choice between proportionate consolidation and the equity method of consolidation is no longer permitted, with the latter being applied.
- IFRS 12 "Disclosure of interests in other entities". This presents in a single standard all reporting requirements related to investments in subsidiaries, joint ventures, associates and unconsolidated structured entities.

Furthermore, during 2014, the following standards and amendments have come into force:

- IAS 27 (Amendment), "Separate financial statements". Owing to inclusion of part of this standard in new IFRS 10.
- IAS 28 (Amendment) "Investments in associates and joint ventures". Updated to include references to joint ventures in agreement with the new IFRS 11.
- IAS 32 (Amendment) "Offsetting financial assets and financial liabilities", issued by the IASB in December 2011, amends the Implementation Guidance for point 42 of the standard to clarify a number of requirements in order to offset financial assets against financial liabilities in the balance sheet.
- IAS 36 (Amendment) "Impairment of assets", refers to the information to be disclosed regarding the recoverable amount for impaired assets where the recoverable amount is based on the fair value minus the costs of selling or disposing of such assets by another means.
- IAS 39 (Amendment) "Financial instruments - Novation of derivatives and continuation of hedge accounting", which introduces an exemption of limited scope on the disruption in hedge accounting when a derivative that has been designated as a hedge instrument is novated to a central balancing entry clearing house.
- Interpretation of IFRIC 21 - "Levies". This is an interpretation of IAS 37, "Provisions, contingent liabilities and contingent assets" that was adopted by the European Union in 2014.

The entry into force of these "Standards and Interpretation" does not imply a significant impact for the Company.

BPE PREFERENCE INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS
AT DECEMBER 31, 2014
(Expressed in thousands of Euro)**

**Standards and amendments there to pending adoption (approval) by the European
Union, which can be applied early.**

Annual Improvements to IFRS, 2011–2013 Cycle: In December 2013, the IASB published the Annual Improvements to IFRS for the 2011-2013 Cycle. The amendments included in these Annual Improvements generally apply to annual periods beginning on or after January, 1 2015, although early adoption is allowed. The most relevant amendments refer to:

- IFRS 3, "Business Combinations": Scope exceptions for joint ventures.
- IFRS 13, "Fair value measurement": Scope of "portfolio exception" available in IFRS 13.
- IAS 40, "Investment property" Clarifying the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

Annual Improvements to IFRS, 2010-2012 Cycle: In December 2013, the IASB published the Annual Improvements to IFRS for the 2010-2012 Cycle. The amendments included in these Annual Improvements generally apply to annual periods beginning on or after February, 1 2015, although early adoption is allowed. The most relevant amendments refer to:

- IFRS 2, "Share-based payments" Definition of "vesting condition".
- IFRS 3, "Business Combinations": Accounting for a contingent consideration in a business combination.
- IFRS 8, "Operating segments" Information to be disclosed on aggregation of operating segments and reconciliation of the total of the reportable segments' assets to the entity's assets.
- IFRS 13, "Fair value measurement": Guidance related to the measurement of short-term receivables and payments at invoice amount when the effect of the discount is not material.
- IAS 16, "Property, plant and equipment", and IAS 38, "Intangible assets": Revaluation method—proportionate restatement of accumulated depreciation and amortization.
- IAS 24, "Related Party Disclosures": Entity providing KMP services as a related party.
- IFRS 9 "Financial Instruments". It is subdivided into three parts, with some already approved, whose entry into force is January, 1 2018 with early adoption in 2017.
- IAS 19 (Amendment) "Defined benefit plans: Employee contributions", applicable from July, 1 2014.

These amendments are not expected to have an impact on 2014 Company's financial statements.

BPE PREFERENCE INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS
AT DECEMBER 31, 2014
(Expressed in thousands of Euro)**

**Standards, amendments and interpretations to 2014 standards that cannot be
adopted early or that have not been adopted by the European Union:**

- IFRS 14, "Regulatory Deferral Accounts".

- IFRS 11 (Amendment) "Accounting for acquisition of interests in joint operations": Requires application of the principals of business combination accounting to an investor who acquires an interest in a joint operation that constitutes a business.

- IAS 16 (Amendment) and IAS 38 (Amendment) "Clarification of acceptable methods of depreciation and amortisation"

- IFRS 15, "Revenue from contracts with customers": In May 2014, the IASB and the FASB jointly issued a convergent standard in relation to recognition of revenue from contracts with customers.

- IFRS 9, "Financial Instruments": In July 2014, the IASB has published the complete version of IFRS 9. This amended includes requirements of classification and measurement of financial assets and liabilities. It also includes and expected credit losses model that replaces the incurred loss impairment model used currently.

- IAS 27 (Amendment), "Equity method in separate financial statements": IAS 27 is amended to re-establish the option of using the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

- IFRS 28 (Amendment), "Investments in Associates and Joint Ventures". This amendment allows an entity which is not an investment entity, but has an interest in an associate or joint venture which is an investment entity, a policy choice when applying the equity method of accounting.

- IFRS 10 (Amendment) and IAS 28 (Amendment) "Sales or contributions of assets between an investor and its associate/joint venture": These amendments clarify the accounting requirements for sales or contributions of assets between an investor and its associates and joint ventures, which will depend on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a "business". Its implementation is not expected to have significant impacts on the Company's financial statements. Improvement Project, 2012-2014 Cycle: The amendments relate to IFRS 5, IFRS 7, IAS 19 and IAS 34, and apply to the annual periods beginning on or after July, 1 2016, subject to adoption by the EU. The most relevant amendments refer to:

Improvement Project, 2012-2014 Cycle: The amendments relate to IFRS 5, IFRS 7, IAS 19 and IAS 34, and apply to the annual periods beginning on or after July, 1 2016, subject to adoption by the EU. The most relevant amendments refer to:

- IFRS 5, "Non-current assets held for sale and discontinued operations": Changes in disposal methods.

- IFRS 7, "Financial Instruments: Disclosures": Continuing involvement in administrative contracts.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS
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(Expressed in thousands of Euro)**

- IAS 19, "Employee benefits": Determining the discount rate for post-employment benefit obligations.

- IAS 34, "Interim financial reporting": Disclosure of information elsewhere in the interim financial report.

- IFRS 28,

- IAS 1 (Amendment), "Presentation of financial statements": Amendments to IAS 1 encourage companies to apply professional judgement in determining what information to disclose to the financial statements.

The amendments to IAS 1 can be applied immediately, and are mandatory for annual periods beginning on or after January, 1 2016.

The Company has assessed the impacts of arising from them and does not expect them to have a material effect on the financial statements.

In 2013, Standards and interpretations issued by the International Standards Accounting Board came into effect, which amended the following standards:

- IAS 1 (Amendment), "Presentation of financial statements": This amendment changes the presentation of the statement of recognized income and expense, requiring that the items included in it be grouped into two categories depending on whether or not they are subsequently transferred to the income statement or not. This amendment is compulsory for all years starting on or after July, 1 2012.

- IAS 19 (Amendment), "Employee benefits": The amendment of IAS 19 introduced changes to the recognition and measurement of defined benefit pension expenses, termination benefits and disclosures of all employee benefits. The application of IAS 19, amended, was mandatory and applicable on a retroactive basis for all financial years starting on or after January, 1 2013.

- IFRS 1 (Amendment) "Severe hyperinflation and removal of fixed dates for first-time adopters"

- IAS 12 (Amendment) "Deferred tax: Recovery of underlying assets": The amendment of IAS 12 offers a practical approach to the valuation of deferred tax assets and liabilities related to investment property carried at fair value, one of the measurement options offered by IAS 40 "Investment property". This amendment is compulsory for all years starting on or after January, 1 2013.

- IFRS 13, "Measurement at fair value": IFRS 13 is the result of a joint undertaking by IASB and FASB (Financial Accounting Standards Board in the US) which explains how to measure items at fair value and is intended to improve and expand fair value disclosure requirements. This standard does not establish the items that should be carried at fair value and nor does it add any new requirements concerning fair value measurement compared with existing requirements.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS
AT DECEMBER 31, 2014
(Expressed in thousands of Euro)**

This standard is applicable prospectively and is mandatory for all years starting on or after January, 1 2013.

IFRS improvement project 2009-2011 cycle: This IFRS improvement project introduced minor changes and clarifications to IFRS 1 "First-time adoption of IFRS", IAS 1 "Presentation of financial statements", IAS 32 "Financial instruments: Presentation", IAS 34 "Interim financial information", IAS 16 "Property plant and equipment", and IFRS 7 "Offsetting financial assets and financial liabilities".

The entry into force of these improvements did not have any significant impact on the Company.

c) Comparability

The legislative amendments introduced in 2014 had no effect on the BPE Preference International Limited's financial information and therefore there has been no need to adapt or reclassify the quantitative information for 2013 which was published in the previous year's financial statements.

d) Errors and changes in accounting estimates

The Company did not correct any errors or change any accounting estimates in the accompanying financial statements.

3. Accounting principles and basis of valuation

The most significant accounting principles and standards of valuation applied are set out below:

a) Recognition of income and expenses

Revenues and expenses are recognized in the profit and loss account on an accrual basis independently of when they are collected. Interest income and expense are recognized on an effective yield basis.

b) Cash and cash equivalents policy

Cash and cash equivalents include deposits held at call in banks and other short terms highly liquid investments with original maturities up to 3 months.

c) Classification of assets and liabilities

Assets and liabilities with a maturity period of less than one year are classified as current assets or liabilities and those with a maturity over that period or held for an indefinite period of time are classified as long term balances.

BPE PREFERENCE INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS
AT DECEMBER 31, 2014
(Expressed in thousands of Euro)**

d) Preference Shares

Preference Shares issued by the Company and guaranteed by Banco Popular Español, S.A. are not redeemable on a specific date. Nevertheless, the Company may, subject to the prior consent of Bank of Spain, redeem all the Preference Shares if a period of five years has elapsed from the issuance date. Each Preference Share bears a fixed interest calculated on an accrual basis which is payable if Banco Popular Español, S.A. complies with the capital adequacy ratios required by the Bank of Spain regulations and the net income of Banco Popular Español, S.A. is sufficient.

IFRS principles state that Preference Shares issued under certain conditions, as those issued by the Company, to be settled using cash, must be classified as liabilities.

The dividends on these preference shares are recognized in the income statement as interest expense on an accrual basis.

e) Foreign currency translations

The financial statements are presented in thousands of Euro, which is also the functional currency of the Company and of the Parent Company as it best reflects the economic substance of the underlying events and circumstances relevant to the Company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

f) Loans and receivables

Loans and receivables represent time deposits with the Parent Company. Management has the intent and ability to hold all loan and receivables to maturity, greater than twelve months.

Loan and receivables held by BPE Preference are linked in principal amount to preference shares issued by BPE Preference, they are also linked to the earliest possible maturity date of the preference shares with renewal terms thereafter to each subsequent potential redemption point. As assets with fixed payments and fixed maturity, they are intended to be held to maturity.

g) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

BPE PREFERENCE INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS
AT DECEMBER 31, 2014
(Expressed in thousands of Euro)**

h) Financial risk management

i) Currency risk

Currency risk is the risk that fluctuations in the prevailing foreign currency exchange rates will affect the Company's financial position and cash flows. Company's currency risk is limited to one foreign currency bank account with a balance of US \$ 45 thousands at December 31, 2014 and US \$ 50 thousands at December 31, 2013.

ii) Interest rate risk

Interest rate risk is the risk that fluctuations in the prevailing levels of market interest rates will affect the Company's financial position and cash flows.

Interest rate exposure on dividends of preference shares is mitigated by the placement and receivables with its Parent Company (Note 6). Interest rates both of preference shares and loans and receivables are matched.

iii) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due.

The Company's credit risk is concentrated with Banco Popular Español, S.A., its Parent Company, which is a high credit quality financial institution in Spain:

Agency	Short term	Long term
Fitch	B	BB+
Moody's	NP	Ba3
Standard & Poor	B	B+
DBRS	R1 (low)	A (low)

The Company has not entered into other transactions that might generate credit risk.

iv) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and other due from parent balances, the availability of funding through an adequate amount of commitment credit facilities and the ability to close out market positions.

Due to the nature of the Company's business, its exposure to liquidity risk is not significant.

BPE PREFERENCE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT DECEMBER 31, 2014

(Expressed in thousands of Euro)

i) Fair value estimation

As at December 31, 2014 and 2013 the Company's balance sheet includes the amounts of the carrying value of the financial assets (loans and receivables) and liabilities (preference shares).

i) Loans and advances

The estimated fair value of due from the Parent Company (loans and receivables) is based on the analysis performed on the preference shares, as financial conditions are identical (see below).

ii) Preference Shares

The fair value of the financial instruments listed in active markets (such as held-for-trading and available-for-sale equities) is based on the market prices at the balance sheet date. The listed market price used for financial assets is the current bid price.

The fair value of financial instruments that are not listed in an active market is determined using valuation techniques based on market conditions at each balance sheet date. For long-term debt, listed market prices or agent quotes are used. Other techniques, such as the discounting of estimated cash flows, are used to determine the fair value of other financial instruments.

The Preference Shares are listed on the AJAF Mercado de Renta Fija, S.A. Therefore the fair value of the Preference Shares is based on the closing market price as at December 31, 2014 and 2013.

Nevertheless, due to current market conditions the fair value could differ from those values which might be determined if transactions were performed between third parties based on their own market expectations.

4. **Segment reporting**

Following Banco Popular Group criteria the segmentation is done by business area. Whole Company's activity is considered under the segment "Institutional and markets".

5. **Capital management**

The Company is not subject to externally imposed capital requirements by itself, but is included in Banco Popular Group, which is subject as a Financial Group to Bank of Spain capital requirements. In this sense the Company is in compliance with Group strategies that are maintaining high levels of solvency as a sign of identity of Banco Popular. This strategy has been successfully combined with the need to adequately remunerate capital, to maximize its diversification in term and instruments, and to minimize its cost using all the alternatives permitted by the regulatory framework.

BPE PREFERENCE INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS
AT DECEMBER 31, 2014
(Expressed in thousands of Euro)**

6. Due from Parent company

Due from Parent Company discloses assets of an amount of € 8,415 thousands at December 31, 2014 and € 8,392 thousands at December 31, 2013.

Due from Parent Company discloses liabilities of an amount of € 8,374 thousands at December 31, 2014 and € 8,351 thousands at December 31, 2013.

A breakdown of this heading as at December 31, 2014 and 2013 is shown below:

	2014	2013
Assets	8 415	8 392
Accrued interest	9	13
Loans and advances to Parent Company	8 338	8 338
Due from Parent Company	63	41
Other assets accounts	5	-
Liabilities	8 374	8 351
Accrued interest	9	13
Preference shares	8 338	8 338
Loans and advances	27	-

Deposits held at call with Parent Company bears an interest of 0% and it is denominated in US dollars and is due on demand.

The amount of €5 thousands, included in "Other assets accounts" is associated to an intermediary service provided to the Parent Company and uncollected at December 31, 2014.

The amount of €27 thousands, included in "Loans and advances" is associated to a participatory loan with the Parent Company subscribed at December 30, 2014.

BPE PREFERENCE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT DECEMBER 31, 2014

(Expressed in thousands of Euro)

The following table provides the breakdowns by issuance currency and notional amounts for loans and receivables (long term deposits with Parent Company, Banco Popular Español, S.A.), (in thousands of Euro):

<u>Series</u>	<u>Currency</u>	<u>Year</u>	<u>2014</u>	<u>2013</u>
A	Euro	2000	3 654	3 654
B	Euro	2001	2 487	2 487
C	Euro	2002	2 197	2 197
			<u>8 338</u>	<u>8 338</u>

7. Other accruals

Accruals mainly relate to general administrative expenses incurred during the year. These accruals amounted to €3 thousands as at December 31, 2014 (€3 thousands as at December 31, 2013).

8. Preference Shares

The breakdown of the 2014 and 2013 year-end balance by issuance currency and notional amounts is as follows:

<u>Series</u>	<u>Currency</u>	<u>Issuance year</u>	<u>2014</u>	<u>2013</u>	<u>Interest accruals 2014</u>	<u>Interest accruals 2013</u>	<u>Interest rate</u>
A	Euro	2000	3 654	3 654	-	-	4,20%
B	Euro	2001	2 487	2 487	5	7	4,20%
C	Euro	2002	2 197	2 197	4	6	4,20%
			<u>8 338</u>	<u>8 338</u>	<u>9</u>	<u>13</u>	

All these issuances have been subscribed by third parties external to the Banco Popular Group, and they are listed in AIAF Mercado de Renta Fija, S.A. The issuances are redeemable by the issuer (the Company), totally or partially, subject to the previous authorisation of Bank of Spain, at any time from five years after the issue date.

BPE PREFERENCE INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS
AT DECEMBER 31, 2014
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The ratings assigned to each of the issuances by rating agencies are as follows:

Agency	Series A	Series B	Series C
Fitch IBCA	B-	B-	B-
Moody's	Caa1	Caa1	Caa1
Standard & Poor	CCC-	CCC-	CCC-


During the years ended December 31, 2014 and 2013, the Company has not issued Preference Shares.

9. Shareholder's equity

The total authorised number of ordinary shares at year-end was 50,000 with a par value of US 1 dollar each, fully subscribed and paid-up. All the shares have the same voting and financial rights. All Company's shares at December 31, 2014 and 2013 are held by Banco Popular Español, S.A. Since the incorporation of the Company, there have been no variations in its share capital.

10. Income and expenses

The following are relevant breakdowns relating to the income statement for the year ended at December 31, 2014 and 2013:



	<u>2014</u>	<u>2013</u>
Financial income and expenses		
Interest income:		
Interest from Parent Company	390	578
Interest expense and similar charges:		
Interest from Preference Shares	(386)	(563)
Net operating income	<u>4</u>	<u>15</u>
Fee and commission income	<u>5</u>	<u>-</u>
Gross margin	<u>9</u>	<u>15</u>
General administrative expenses		
Other expenses	(9)	(15)
Net income / (loss) for the year	<u>-</u>	<u>-</u>

BPE PREFERENCE INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS
AT DECEMBER 31, 2014
(Expressed in thousands of Euro)**

11. Tax situation

Under current laws of the Cayman Islands, there are no income, state, transfer sales or other Cayman Islands taxes payable by the Company.

12. Employees

Throughout the 2014 and 2013, the Company had no employees. The members of the Board do not receive a salary for their work in BPE Preference.

13. Audit fees

The audit fees accrued during the year ended 31 December 2014 by PricewaterhouseCoopers Auditores, S.L. for audit services rendered to BPE Preference amounted €3 thousands (€3 thousands in 2013).

14. Subsequent events

There were no events after the closing that significantly affect the points raised in the management report.



BPE PREFERENCE INTERNATIONAL, LTD

Management report

2014

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Management Report 2014

1.- EVOLUTION OF THE BUSINESS AND CURRENT POSITION OF THE COMPANY.

The Company, whose corporate purpose is the fund-raising activities in domestic and international markets for its placement in Banco Popular Group, has not carried out any issue during 2014.

The funds raised by the issues launched in previous years have been deposited in Banco Popular Español, which is the entity that guarantees both the nominal amount and the interests of the issues to the holders.

2.- TREASURY STOCK

The Company has not made any operation on Treasury Stock during 2014.

3.- RESEARCH AND DEVELOPMENT AND ENVIRONMENTAL ISSUES.

During 2014 no investment in Research and Development has been made. Likewise, the Company has not made any environmental investment and therefore, no provisions have been registered for environmental risks or expenses, since no contingencies related to environmental issues exist.

4.- REPORTS ON RISKS MANAGEMENT

Due to its own activity, the use of financial instruments is assigned to the consecution of its corporate purpose, adjusting its objectives and its market, credit and liquidity risks' management policy to the legal framework.

5.- POST-BALANCE-SHEET EVENTS

There were no events after the closing that significantly affect the points raised in the management report.

BPE Preference International Limited

Ugland House

P.O. Box 309, South Church Street

George Town (Grand Cayman)

CAYMAN ISLANDS

DECLARACIÓN DE RESPONSABILIDAD DEL INFORME FINANCIERO ANUAL

Los miembros del Consejo de Administración de BPE Preference International Limited declaran que, hasta donde alcanza su conocimiento, las cuentas anuales correspondientes al ejercicio 2014, formuladas en la sesión celebrada el 24 de marzo de 2015, elaboradas con arreglo a los principios de contabilidad aplicables, ofrecen la imagen fiel del patrimonio, de la situación financiera y de los resultados de BPE Preference International Limited tomados en su conjunto, y que el informe de gestión, correspondiente al ejercicio 2014, incluye un análisis fiel de la evolución y los resultados empresariales y de la posición de BPE Preference International Limited junto con la descripción de los principales riesgos e incertidumbres a que se enfrentan.

En Miami, a 25 de marzo de 2015.

D. Francisco Javier García Nieto
Presidente

D. Javier García Díaz
Secretario

D. Arturo Martín Azañedo
Consejero

D. Antonio Pleguezuelos Witte
Consejero

BPE Preference International Limited

Ugland House
P.O. Box 309, South Church Street
George Town (Grand Cayman)
CAYMAN ISLANDS

DON JAVIER GARCÍA DÍAZ, COMO CONSEJERO DE BPE PREFERENCE INTERNATIONAL LIMITED, ENTIDAD DOMICILIADA EN STRATH VALE HOUSE GEORGE TOWN, ISLAS CAIMÁN

CERTIFICA:

PRIMERO.- Que el 24 de marzo de 2015 tuvo lugar la reunión del Consejo de Administración de la Sociedad.

SEGUNDO.- Que asistieron a dicha sesión sus consejeros, D. Francisco Javier García Nieto, que fue nombrado Presidente de la reunión, D. Arturo Martín Azañedo, D. Antonio Pleguezuelos Witte y D. Javier García Díaz, Secretario de la reunión.

TERCERO.- Que en el transcurso de la reunión se acordó por unanimidad de todos los Consejeros aprobar los estados financieros presentados durante la misma, así como el Informe de Gestión.

CUARTO.- Que las cuentas aprobadas por el Consejo de Administración se corresponden con las auditadas por PricewaterhouseCoopers (P.O. Box 258GT, Grand Cayman, Cayman Islands), como auditores de la compañía.

QUINTO.- Que, a día de hoy, dichos acuerdos permanecen vigentes y no se ha adoptado ningún otro acuerdo que los modifique o afecte.

Y para que conste donde proceda, expido la presente certificación, en Miami, a 25 de marzo de 2015.

Javier GARCÍA DÍAZ

CONSEJERO DE BPE PREFERENCE INTERNATIONAL LIMITED

BPE Preference International Limited

Ugland House
P.O. Box 309, South Church Street
George Town (Grand Cayman)
CAYMAN ISLANDS

DON JAVIER GARCÍA DÍAZ, COMO CONSEJERO DE BPE PREFERENCE INTERNATIONAL LIMITED, ENTIDAD DOMICILIADA EN STRATH VALE HOUSE GEORGE TOWN, ISLAS CAIMÁN

CERTIFICA:

Que los miembros del Consejo de Administración de BPE Preference International Limited han emitido la preceptiva declaración, de acuerdo con el artículo 8 del Real Decreto 1362/2007 del 19 de octubre, en el sentido de que, hasta donde alcanza su conocimiento, las cuentas anuales correspondientes al ejercicio 2014, aprobadas en la sesión celebrada el 24 de marzo de 2015, han sido elaboradas con arreglo a los principios de contabilidad aplicables, ofrecen la imagen fiel del patrimonio, de la situación financiera y de los resultados de BPE Preference International Limited tomados en su conjunto, y que el informe de gestión, correspondiente al ejercicio 2014, incluye un análisis fiel de la evolución y los resultados empresariales y de la posición de BPE Preference International Limited junto con la descripción de los principales riesgos e incertidumbres a que se enfrentan.

Y para que conste donde proceda, expido la presente Certificación en Miami, a 25 de marzo de dos mil quince.

EL SECRETARIO
Javier García Díaz

BPE Preference International Limited

Ugland House

P.O. Box 309, South Church Street

George Town (Grand Cayman)

CAYMAN ISLANDS

DECLARACIÓN DE RESPONSABILIDAD DEL INFORME FINANCIERO ANUAL

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En Miami, a 25 de marzo de 2015.

D. Francisco Javier García Nieto
Presidente

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Consejero

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CAYMAN ISLANDS

DON JAVIER GARCÍA DÍAZ, COMO CONSEJERO DE BPE PREFERENCE INTERNATIONAL LIMITED, ENTIDAD DOMICILIADA EN STRATH VALE HOUSE GEORGE TOWN, ISLAS CAIMÁN

CERTIFICA:

PRIMERO.- Que el 24 de marzo de 2015 tuvo lugar la reunión del Consejo de Administración de la Sociedad.

SEGUNDO.- Que asistieron a dicha sesión sus consejeros, D. Francisco Javier García Nieto, que fue nombrado Presidente de la reunión, D. Arturo Martín Azañedo, D. Antonio Pleguezuelos Witte y D. Javier García Díaz, Secretario de la reunión.

TERCERO.- Que en el transcurso de la reunión se acordó por unanimidad de todos los Consejeros aprobar los estados financieros presentados durante la misma, así como el Informe de Gestión.

CUARTO.- Que las cuentas aprobadas por el Consejo de Administración se corresponden con las auditadas por PricewaterhouseCoopers (P.O. Box 258GT, Grand Cayman, Cayman Islands), como auditores de la compañía.

QUINTO.- Que, a día de hoy, dichos acuerdos permanecen vigentes y no se ha adoptado ningún otro acuerdo que los modifique o afecte.

Y para que conste donde proceda, expido la presente certificación, en Miami, a 25 de marzo de 2015.

Javier GARCÍA DÍAZ
CONSEJERO DE BPE PREFERENCE INTERNATIONAL LIMITED

BPE Preference International Limited

Ugland House
P.O. Box 309, South Church Street
George Town (Grand Cayman)
CAYMAN ISLANDS

Miami, 25 de marzo de 2015

COMISIÓN NACIONAL DEL MERCADO DE VALORES
Paseo de la Castellana, 19
28046 MADRID

ASUNTO: INFORME ANUAL DE GOBIERNO CORPORATIVO

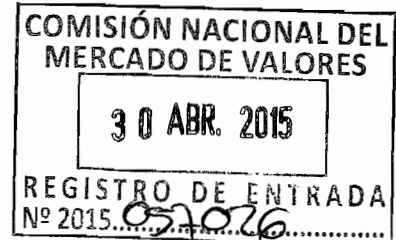
Muy señores nuestros:

De acuerdo con lo establecido en el artículo 9.5 de la *Orden ECC/461/2013, de 20 de marzo, por la que se determinan el contenido y la estructura del informe anual de gobierno corporativo, del informe anual sobre remuneraciones y de otros instrumentos de información de las sociedades anónimas cotizadas, de las cajas de ahorros y de otras entidades que emitan valores admitidos a negociación en mercados oficiales de valores*, BPE PREFERENCE INTERNATIONAL LIMITED no ha procedido a la elaboración de un informe anual de gobierno corporativo propio, al ser Banco Popular Español, S.A., titular de todos los derechos de voto de la sociedad y haber elaborado, de acuerdo con la normativa vigente, el correspondiente Informe de Gobierno Corporativo del ejercicio 2014, que fue remitido como Hecho Relevante a la CNMV con fecha 6 de marzo de 2015.

Atentamente.

BPE PREFERENCE INTERNATIONAL LIMITED
Francisco Javier García Nieto

COMISIÓN NACIONAL DEL MERCADO DE VALORES
Registro Oficial
c/ Edison nº 4
28006 Madrid



Madrid, 29 de abril de 2015

ASUNTO: BPE Preference International Limited
DOCUMENTACIÓN FINANCIERA E INFORME DE AUDITORÍA

Muy señores nuestros,

Adjunto remitimos, en calidad de Entidad Financiera de Enlace de las emisiones efectuadas por BPE Preference International Limited en el mercado nacional e inscritas en los registros oficiales de la Comisión Nacional del Mercado de Valores, los Estados Financieros y el Informe de Auditoría correspondientes al 31 de diciembre de 2014. Asimismo, les remitimos la siguiente documentación:

- Cuentas anuales e informe de gestión.
- Certificación relativa a que las cuentas anuales han sido aprobadas por unanimidad del Consejo.
- Certificación relativa a la declaración de responsabilidad de los administradores sobre las cuentas anuales.
- Certificación relativa a que las cuentas han sido elaboradas con arreglo a los principios de contabilidad aplicables, ofreciendo imagen fiel del patrimonio.
- Declaración sobre la adhesión al Informe Anual de Gobierno Corporativo de Banco Popular Español S.A.
- Traducción jurada de las cuentas anuales e informe de gestión.

Atentamente

Concha Doz Zubeldía
Asesoría Institucional
Banco Popular Español S.A.

BPE PREFERENCE INTERNATIONAL LIMITED

Financial Statements and
Auditors' report as at
December 31, 2014

PILAR BENÍTEZ MARTÍNEZ
INTÉRPRETE JURADO DE INGLÉS
Intenla M^o Teresa, 9 - 3^o A - 28016 Madrid
Teléfono: 678 63 45 32
pilar@adhartrad.com



20 ABR. 2015

BPE PREFERENCE INTERNATIONAL LIMITED

**BALANCE SHEETS FOR THE YEARS ENDED AS AT DECEMBER 31, 2014 AND 2013
(Expressed in thousands of Euro)**

Assets	2014	2013
Current assets	68	41
Due from Parent Company	63	41
Due from Parent Company (Note 6)	63	41
Other assets	5	-
Other assets accounts (Nota 6)	5	-
Non-current assets	8 347	8 351
Due from Parent Company	8 347	8 351
Loan and receivables to the Parent Company (Note 6)	8 347	8 351
Total assets	8 415	8 392
Equity and liabilities		
Current liabilities	3	3
Other accruals (Note 7)	3	3
Non-current liabilities	8 374	8 351
Preference shares (Note 8)	8 347	8 351
Loans and advances (Note 6)	27	-
Shareholder's equity	38	38
Ordinary shares (Note 9)	38	38
Net income / (loss) for the year	-	-
Total equity and liabilities	8 415	8 392

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20 ABR, 2015

The accompanying notes on pages 9 to 16 are an integral part of these financial statements

BPE PREFERENCE INTERNATIONAL LIMITED

INCOME STATEMENTS FOR THE YEARS ENDED AS AT DECEMBER 31, 2014 AND 2013

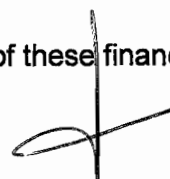
(Expressed in thousands of Euro)

	<u>2014</u>	<u>2013</u>
Interest income (Note 10)	390	578
Interest expense and similar charges (Note 10)	<u>(386)</u>	<u>(563)</u>
Net operating income	4	15
Fee and commission income (Note 10)	5	-
Gross margin	9	15
General administrative expenses (Note 10)	<u>(9)</u>	<u>(15)</u>
Operating margin	<u>-</u>	<u>-</u>
Net income for the year	<u>-</u>	<u>-</u>

The accompanying notes on pages 9 to 16 are an integral part of these financial statements

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pilar@adharcad.com

70 ABR 2015



BPE PREFERENCE INTERNATIONAL LIMITED

**STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE YEARS
ENDED AS AT DECEMBER 31, 2014 AND 2013
(Expressed in thousands of Euro)**

	<u>Share capital</u>	<u>Reserves</u>	<u>Retained Earnings (Losses)</u>	<u>Total</u>
Year ended December 31, 2013				
Balance at January 1, 2013	38	-	-	38
Others	-	-	-	-
Net profit / (loss)	-	-	-	-
Balance at December 31, 2013	38	-	-	38
Year ended December 31, 2014				
Balance at January 1, 2014	38	-	-	38
Others	-	-	-	-
Net profit / loss	-	-	-	-
Balance at December 31, 2014	38	-	-	38

The accompanying notes on pages 9 to 16 are an integral part of these financial statements

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 pilar@acharatrad.com



BPE PREFERENCE INTERNATIONAL LIMITED

**STATEMENTS OF CASH FLOW FOR THE YEARS ENDED AS AT DECEMBER 31,
2014 AND 2013**

(Expressed in thousands of Euro)

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Interest income	390	578
Interest expense and similar charges	(386)	(563)
Fee and commission income	5	-
General administrative expenses	<u>(9)</u>	<u>(15)</u>
Cash flows from operating activities before changes in operating assets and liabilities	-	-
Others	<u>22</u>	<u>8</u>
Net cash generated by (used in) operations	<u>22</u>	<u>8</u>
Net increase (decrease) in cash and cash equivalents	22	8
Cash and cash equivalents at beginning of the year	<u>41</u>	<u>33</u>
Cash and cash equivalents at end of the year	<u>63</u>	<u>41</u>

PILAR BENÍTEZ MARTÍNEZ

The accompanying notes on pages 9 to 16 are an integral part of these financial statements

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11/04/2014 10:10:10
www.bpeinternational.com

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BPE PREFERENCE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT DECEMBER 31, 2014

(Expressed in thousands of Euro)

1. General Information

BPE Preference International Limited ("BPE Preference" or the "Company") is a finance company incorporated on March 6, 2000 under the name of Popular Preference (Cayman) Limited for an unlimited duration under the Cayman Islands Company's Law with the registration number CR-97816. The registered office of the Company is at P.O. Box 309, George Town, Grand Cayman, British West Indies.

On March 22, 2002, a special resolution was passed by the shareholder of BPE Preference to modify Company's name to BPE Preference International Limited.

The corporate purpose of BPE Preference International Limited's business is the issuance of Preference Shares. Banco Popular Español, S.A., guarantees the repayment of the principal value and interest.

2. Summary of significant accounting policies

a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee (IFRSIC) interpretations applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention. The preparation of financial statements in conformity with IFRS requires these of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. There are no areas, other than fair value estimation, involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements. Actual results could differ from those estimates.

These financial statements have been approved by the Company's Board of Directors on March 24, 2015.

The significant accounting policies adopted by BPE Preference International Limited are summarised below.

b) Changes in accounting policy and disclosures

In the preparation of these financial statements, the Company's Directors have followed the generally accepted accounting principles under International Financial Reporting Standards, which are described in Note 3.

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BPE PREFERENCE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT DECEMBER 31, 2014

(Expressed in thousands of Euro)

In this context, the following standards and amendments were approved by the IASB on January, 1 2013 and adopted by Regulation (EU) 1254/2012 of December, 1 of the European Parliament and of the Council, setting mandatory adoption for January, 1 2014:

- IFRS 10 "Consolidated financial statements". The definition of control is widened, requiring the analysis of the facts and specific circumstances of each possible Group entity.
- IFRS 11 "Joint arrangements". Among the changes made, for joint ventures, the choice between proportionate consolidation and the equity method of consolidation is no longer permitted, with the latter being applied.
- IFRS 12 "Disclosure of interests in other entities". This presents in a single standard all reporting requirements related to investments in subsidiaries, joint ventures, associates and unconsolidated structured entities.

Furthermore, during 2014, the following standards and amendments have come into force:

- IAS 27 (Amendment), "Separate financial statements". Owing to inclusion of part of this standard in new IFRS 10.
- IAS 28 (Amendment) "Investments in associates and joint ventures". Updated to include references to joint ventures in agreement with the new IFRS 11.
- IAS 32 (Amendment) "Offsetting financial assets and financial liabilities", issued by the IASB in December 2011, amends the Implementation Guidance for point 42 of the standard to clarify a number of requirements in order to offset financial assets against financial liabilities in the balance sheet.
- IAS 36 (Amendment) "Impairment of assets", refers to the information to be disclosed regarding the recoverable amount for impaired assets where the recoverable amount is based on the fair value minus the costs of selling or disposing of such assets by another means.
- IAS 39 (Amendment) "Financial instruments - Novation of derivatives and continuation of hedge accounting", which introduces an exemption of limited scope on the disruption in hedge accounting when a derivative that has been designated as a hedge instrument is novated to a central balancing entry clearing house.
- Interpretation of IFRIC 21 - "Levies". This is an interpretation of IAS 37, "Provisions, contingent liabilities and contingent assets" that was adopted by the European Union in 2014.

The entry into force of these "Standards and Interpretation" does not imply a significant impact for the Company.

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BPE PREFERENCE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT DECEMBER 31, 2014

(Expressed in thousands of Euro)

Standards and amendments there to pending adoption (approval) by the European Union, which can be applied early.

Annual Improvements to IFRS, 2011–2013 Cycle: In December 2013, the IASB published the Annual Improvements to IFRS for the 2011-2013 Cycle. The amendments included in these Annual Improvements generally apply to annual periods beginning on or after January, 1 2015, although early adoption is allowed. The most relevant amendments refer to:

- IFRS 3, "Business Combinations": Scope exceptions for joint ventures.
- IFRS 13, "Fair value measurement": Scope of "portfolio exception" available in IFRS 13.
- IAS 40, "Investment property" Clarifying the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

Annual Improvements to IFRS, 2010-2012 Cycle: In December 2013, the IASB published the Annual Improvements to IFRS for the 2010-2012 Cycle. The amendments included in these Annual Improvements generally apply to annual periods beginning on or after February, 1 2015, although early adoption is allowed. The most relevant amendments refer to:

- IFRS 2, "Share-based payments" Definition of "vesting condition".
- IFRS 3, "Business Combinations": Accounting for a contingent consideration in a business combination.
- IFRS 8, "Operating segments" Information to be disclosed on aggregation of operating segments and reconciliation of the total of the reportable segments' assets to the entity's assets.
- IFRS 13, "Fair value measurement": Guidance related to the measurement of short-term receivables and payments at invoice amount when the effect of the discount is not material.
- IAS 16, "Property, plant and equipment", and IAS 38, "Intangible assets": Revaluation method—proportionate restatement of accumulated depreciation and amortization.
- IAS 24, "Related Party Disclosures": Entity providing KMP services as a related party.
- IFRS 9 "Financial Instruments". It is subdivided into three parts, with some already approved, whose entry into force is January, 1 2018 with early adoption in 2017.
- IAS 19 (Amendment) "Defined benefit plans: Employee contributions", applicable from July, 1 2014.

These amendments are not expected to have an impact on 2014 Company's financial statements.

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20 ABR. 2015



BPE PREFERENCE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT DECEMBER 31, 2014

(Expressed in thousands of Euro)

Standards, amendments and interpretations to 2014 standards that cannot be adopted early or that have not been adopted by the European Union:

- IFRS 14, "Regulatory Deferral Accounts".
- IFRS 11 (Amendment) "Accounting for acquisition of interests in joint operations": Requires application of the principals of business combination accounting to an investor who acquires an interest in a joint operation that constitutes a business.
- IAS 16 (Amendment) and IAS 38 (Amendment) "Clarification of acceptable methods of depreciation and amortisation"
- IFRS 15, "Revenue from contracts with customers": In May 2014, the IASB and the FASB jointly issued a convergent standard in relation to recognition of revenue from contracts with customers.
- IFRS 9, "Financial Instruments": In July 2014, the IASB has published the complete version of IFRS 9. This amended includes requirements of classification and measurement of financial assets and liabilities. It also includes and expected credit losses model that replaces the incurred loss impairment model used currently.
- IAS 27 (Amendment), "Equity method in separate financial statements": IAS 27 is amended to re-establish the option of using the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.
- IFRS 28 (Amendment), "Investments in Associates and Joint Ventures". This amendment allows an entity which is not an investment entity, but has an interest in an associate or joint venture which is an investment entity, a policy choice when applying the equity method of accounting.
- IFRS 10 (Amendment) and IAS 28 (Amendment) "Sales or contributions of assets between an investor and its associate/joint venture": These amendments clarify the accounting requirements for sales or contributions of assets between an investor and its associates and joint ventures, which will depend on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a "business". Its implementation is not expected to have significant impacts on the Company's financial statements. Improvement Project, 2012-2014 Cycle: The amendments relate to IFRS 5, IFRS 7, IAS 19 and IAS 34, and apply to the annual periods beginning on or after July, 1 2016, subject to adoption by the EU. The most relevant amendments refer to:

Improvement Project, 2012-2014 Cycle: The amendments relate to IFRS 5, IFRS 7, IAS 19 and IAS 34, and apply to the annual periods beginning on or after July, 1 2016, subject to adoption by the EU. The most relevant amendments refer to:

- IFRS 5, "Non-current assets held for sale and discontinued operations": Changes in disposal methods.
- IFRS 7, "Financial Instruments: Disclosures": Continuing involvement in administrative contracts.

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BPE PREFERENCE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT DECEMBER 31, 2014

(Expressed in thousands of Euro)

- IAS 19, "Employee benefits": Determining the discount rate for post-employment benefit obligations.

- IAS 34, "Interim financial reporting": Disclosure of information elsewhere in the interim financial report.

- IFRS 28,

- IAS 1 (Amendment), "Presentation of financial statements": Amendments to IAS 1 encourage companies to apply professional judgement in determining what information to disclose to the financial statements.

The amendments to IAS 1 can be applied immediately, and are mandatory for annual periods beginning on or after January, 1 2016.

The Company has assessed the impacts of arising from them and does not expect them to have a material effect on the financial statements.

In 2013, Standards and interpretations issued by the International Standards Accounting Board came into effect, which amended the following standards:

- IAS 1 (Amendment), "Presentation of financial statements": This amendment changes the presentation of the statement of recognized income and expense, requiring that the items included in it be grouped into two categories depending on whether or not they are subsequently transferred to the income statement or not. This amendment is compulsory for all years starting on or after July, 1 2012.

- IAS 19 (Amendment), "Employee benefits": The amendment of IAS 19 introduced changes to the recognition and measurement of defined benefit pension expenses, termination benefits and disclosures of all employee benefits. The application of IAS 19, amended, was mandatory and applicable on a retroactive basis for all financial years starting on or after January, 1 2013.

- IFRS 1 (Amendment) "Severe hyperinflation and removal of fixed dates for first-time adopters"

- IAS 12 (Amendment) "Deferred tax: Recovery of underlying assets": The amendment of IAS 12 offers a practical approach to the valuation of deferred tax assets and liabilities related to investment property carried at fair value, one of the measurement options offered by IAS 40 "Investment property". This amendment is compulsory for all years starting on or after January, 1 2013.

- IFRS 13, "Measurement at fair value": IFRS 13 is the result of a joint undertaking by IASB and FASB (Financial Accounting Standards Board in the US) which explains how to measure items at fair value and is intended to improve and expand fair value disclosure requirements. This standard does not establish the items that should be carried at fair value and nor does it add any new requirements concerning fair value measurement compared with existing requirements.

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BPE PREFERENCE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT DECEMBER 31, 2014

(Expressed in thousands of Euro)

This standard is applicable prospectively and is mandatory for all years starting on or after January, 1 2013.

IFRS improvement project 2009-2011 cycle: This IFRS improvement project introduced minor changes and clarifications to IFRS 1 "First-time adoption of IFRS", IAS 1 "Presentation of financial statements", IAS 32 "Financial instruments: Presentation", IAS 34 "Interim financial information", IAS 16 "Property plant and equipment", and IFRS 7 "Offsetting financial assets and financial liabilities".

The entry into force of these improvements did not have any significant impact on the Company.

c) Comparability

The legislative amendments introduced in 2014 had no effect on the BPE Preference International Limited's financial information and therefore there has been no need to adapt or reclassify the quantitative information for 2013 which was published in the previous year's financial statements.

d) Errors and changes in accounting estimates

The Company did not correct any errors or change any accounting estimates in the accompanying financial statements.

3. Accounting principles and basis of valuation

The most significant accounting principles and standards of valuation applied are set out below:

a) Recognition of income and expenses

Revenues and expenses are recognized in the profit and loss account on an accrual basis independently of when they are collected. Interest income and expense are recognized on an effective yield basis.

b) Cash and cash equivalents policy

Cash and cash equivalents include deposits held at call in banks and other short terms highly liquid investments with original maturities up to 3 months.

c) Classification of assets and liabilities

Assets and liabilities with a maturity period of less than one year are classified as current assets or liabilities and those with a maturity over that period or held for an indefinite period of time are classified as long term balances.



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BPE PREFERENCE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT DECEMBER 31, 2014

(Expressed in thousands of Euro)

d) Preference Shares

Preference Shares issued by the Company and guaranteed by Banco Popular Español, S.A. are not redeemable on a specific date. Nevertheless, the Company may, subject to the prior consent of Bank of Spain, redeem all the Preference Shares if a period of five years has elapsed from the issuance date. Each Preference Share bears a fixed interest calculated on an accrual basis which is payable if Banco Popular Español, S.A. complies with the capital adequacy ratios required by the Bank of Spain regulations and the net income of Banco Popular Español, S.A. is sufficient.

IFRS principles state that Preference Shares issued under certain conditions, as those issued by the Company, to be settled using cash, must be classified as liabilities.

The dividends on these preference shares are recognized in the income statement as interest expense on an accrual basis.

e) Foreign currency translations

The financial statements are presented in thousands of Euro, which is also the functional currency of the Company and of the Parent Company as it best reflects the economic substance of the underlying events and circumstances relevant to the Company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

f) Loans and receivables

Loans and receivables represent time deposits with the Parent Company. Management has the intent and ability to hold all loan and receivables to maturity, greater than twelve months.

Loan and receivables held by BPE Preference are linked in principal amount to preference shares issued by BPE Preference, they are also linked to the earliest possible maturity date of the preference shares with renewal terms thereafter to each subsequent potential redemption point. As assets with fixed payments and fixed maturity, they are intended to be held to maturity.

g) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

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BPE PREFERENCE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT DECEMBER 31, 2014

(Expressed in thousands of Euro)

h) Financial risk management

i) Currency risk

Currency risk is the risk that fluctuations in the prevailing foreign currency exchange rates will affect the Company's financial position and cash flows. Company's currency risk is limited to one foreign currency bank account with a balance of US \$ 45 thousands at December 31, 2014 and US \$ 50 thousands at December 31, 2013.

ii) Interest rate risk

Interest rate risk is the risk that fluctuations in the prevailing levels of market interest rates will affect the Company's financial position and cash flows.

Interest rate exposure on dividends of preference shares is mitigated by the placement and receivables with its Parent Company (Note 6). Interest rates both of preference shares and loans and receivables are matched.

iii) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due.

The Company's credit risk is concentrated with Banco Popular Español, S.A., its Parent Company, which is a high credit quality financial institution in Spain:

Agency	Short term	Long term
Fitch	B	BB+
Moody's	NP	Ba3
Standard & Poor	B	B+
DBRS	R1 (low)	A (low)

The Company has not entered into other transactions that might generate credit risk.

iv) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and other due from parent balances, the availability of funding through an adequate amount of commitment credit facilities and the ability to close out market positions.

Due to the nature of the Company's business, its exposure to liquidity risk is not significant.

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BPE PREFERENCE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT DECEMBER 31, 2014

(Expressed in thousands of Euro)

i) Fair value estimation

As at December 31, 2014 and 2013 the Company's balance sheet includes the amounts of the carrying value of the financial assets (loans and receivables) and liabilities (preference shares).

i) Loans and advances

The estimated fair value of due from the Parent Company (loans and receivables) is based on the analysis performed on the preference shares, as financial conditions are identical (see below).

ii) Preference Shares

The fair value of the financial instruments listed in active markets (such as held-for-trading and available-for-sale equities) is based on the market prices at the balance sheet date. The listed market price used for financial assets is the current bid price.

The fair value of financial instruments that are not listed in an active market is determined using valuation techniques based on market conditions at each balance sheet date. For long-term debt, listed market prices or agent quotes are used. Other techniques, such as the discounting of estimated cash flows, are used to determine the fair value of other financial instruments.

The Preference Shares are listed on the AIAF Mercado de Renta Fija, S.A. Therefore the fair value of the Preference Shares is based on the closing market price as at December 31, 2014 and 2013.

Nevertheless, due to current market conditions the fair value could differ from those values which might be determined if transactions were performed between third parties based on their own market expectations.

4. Segment reporting

Following Banco Popular Group criteria the segmentation is done by business area. Whole Company's activity is considered under the segment "Institutional and markets".

5. Capital management

The Company is not subject to externally imposed capital requirements by itself, but is included in Banco Popular Group, which is subject as a Financial Group to Bank of Spain capital requirements. In this sense the Company is in compliance with Group strategies that are maintaining high levels of solvency as a sign of identity of Banco Popular. This strategy has been successfully combined with the need to adequately remunerate capital, to maximize its diversification in term and instruments, and to minimize its cost using all the alternatives permitted by the regulatory framework.

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BPE PREFERENCE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT DECEMBER 31, 2014

(Expressed in thousands of Euro)

6. Due from Parent company

Due from Parent Company discloses assets of an amount of € 8,415 thousands at December 31, 2014 and € 8,392 thousands at December 31, 2013.

Due from Parent Company discloses liabilities of an amount of € 8,374 thousands at December 31, 2014 and € 8,351 thousands at December 31, 2013.

A breakdown of this heading as at December 31, 2014 and 2013 is shown below:

	2014	2013
Assets	8 415	8 392
Accrued interest	9	13
Loans and advances to Parent Company	8 338	8 338
Due form Parent Company	63	41
Other assets accounts	5	-
Liabilities	8 374	8 351
Accrued interest	9	13
Preference shares	8 338	8 338
Loans and advances	27	-

Deposits held at call with Parent Company bears an interest of 0% and it is denominated in US dollars and is due on demand.

The amount of €5 thousands, included in "Other assets accounts" is associated to an intermediary service provided to the Parent Company and uncollected at December 31, 2014.

The amount of €27 thousands, included in "Loans and advances" is associated to a participatory loan with the Parent Company subscribed at December 30, 2014.

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BPE PREFERENCE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT DECEMBER 31, 2014

(Expressed in thousands of Euro)

The following table provides the breakdowns by issuance currency and notional amounts for loans and receivables (long term deposits with Parent Company, Banco Popular Español, S.A.), (in thousands of Euro):

Series	Currency	Year	2014	2013
A	Euro	2000	3 654	3 654
B	Euro	2001	2 487	2 487
C	Euro	2002	2 197	2 197
			<u>8 338</u>	<u>8 338</u>

7. Other accruals

Accruals mainly relate to general administrative expenses incurred during the year. These accruals amounted to €3 thousands as at December 31, 2014 (€3 thousands as at December 31, 2013).

8. Preference Shares

The breakdown of the 2014 and 2013 year-end balance by issuance currency and notional amounts is as follows:

Series	Currency	Issuance year	2014	2013	Interest accruals 2014	Interest accruals 2013	Interest rate
A	Euro	2000	3 654	3 654	-	-	4,20%
B	Euro	2001	2 487	2 487	5	7	4,20%
C	Euro	2002	2 197	2 197	4	6	4,20%
			<u>8 338</u>	<u>8 338</u>	<u>9</u>	<u>13</u>	

All these issuances have been subscribed by third parties external to the Banco Popular Group, and they are listed in AIAF Mercado de Renta Fija, S.A. The issuances are redeemable by the issuer (the Company), totally or partially, subject to the previous authorisation of Bank of Spain, at any time from five years after the issue date.

BPE PREFERENCE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS AT DECEMBER 31, 2014

(Expressed in thousands of Euro)

The ratings assigned to each of the issuances by rating agencies are as follows:

Agency	Series A	Series B	Series C
Fitch IBCA	B-	B-	B-
Moody's	Caa1	Caa1	Caa1
Standard & Poor	CCC-	CCC-	CCC-

During the years ended December 31, 2014 and 2013, the Company has not issued Preference Shares.

9. Shareholder's equity

The total authorised number of ordinary shares at year-end was 50,000 with a par value of US 1 dollar each, fully subscribed and paid-up. All the shares have the same voting and financial rights. All Company's shares at December 31, 2014 and 2013 are held by Banco Popular Español, S.A. Since the incorporation of the Company, there have been no variations in its share capital.

10. Income and expenses

The following are relevant breakdowns relating to the income statement for the year ended at December 31, 2014 and 2013:

	2014	2013
Financial income and expenses		
Interest income:		
Interest from Parent Company	390	578
Interest expense and similar charges:		
Interest from Preference Shares	(386)	(563)
Net operating income	4	15
Fee and commission income	5	-
Gross margin	9	15
General administrative expenses		
Other expenses	(9)	(15)
Net income / (loss) for the year	-	-

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BPE PREFERENCE INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AS
AT DECEMBER 31, 2014**

(Expressed in thousands of Euro)

11. Tax situation

Under current laws of the Cayman Islands, there are no income, state, transfer sales or other Cayman Islands taxes payable by the Company.

12. Employees

Throughout the 2014 and 2013, the Company had no employees. The members of the Board do not receive a salary for their work in BPE Preference.

13. Audit fees

The audit fees accrued during the year ended 31 December 2014 by PricewaterhouseCoopers Auditores, S.L. for audit services rendered to BPE Preference amounted €3 thousands (€3 thousands in 2013).

14. Subsequent events

There were no events after the closing that significantly affect the points raised in the management report.

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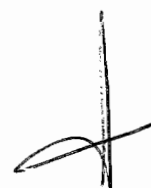
BPE PREFERENCE INTERNATIONAL, LTD

Management report

2014

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Management Report 2014

1.- EVOLUTION OF THE BUSINESS AND CURRENT POSITION OF THE COMPANY.

The Company, whose corporate purpose is the fund-raising activities in domestic and international markets for its placement in Banco Popular Group, has not carried out any issue during 2014.

The funds raised by the issues launched in previous years have been deposited in Banco Popular Español, which is the entity that guarantees both the nominal amount and the interests of the issues to the holders.

2.- TREASURY STOCK

The Company has not made any operation on Treasury Stock during 2014.

3.- RESEARCH AND DEVELOPMENT AND ENVIRONMENTAL ISSUES.

During 2014 no investment in Research and Development has been made. Likewise, the Company has not made any environmental investment and therefore, no provisions have been registered for environmental risks or expenses, since no contingencies related to environmental issues exist.

4.- REPORTS ON RISKS MANAGEMENT

Due to its own activity, the use of financial instruments is assigned to the consecution of its corporate purpose, adjusting its objectives and its market, credit and liquidity risks' management policy to the legal framework.

5.- POST-BALANCE-SHEET EVENTS

There were no events after the closing that significantly affect the points raised in the management report.

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BPE PREFERENCE INTERNATIONAL LIMITED

Estados financieros
e Informe de auditoría
a 31 de diciembre de 2014.

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BPE PREFERENCE INTERNATIONAL LIMITED**BALANCE CORRESPONDIENTE A LOS EJERCICIOS CERRADOS A 31 DE DICIEMBRE DE 2014 Y 2013**

(En miles de euros)

Activo	2014	2013
Activo corriente	68	41
Deudas de la Matriz	63	41
Deudas de la Matriz (Nota 6)	63	41
Otros activos	5	-
Otros activos a cuenta	5	-
Activo no corriente	8 347	8 351
Deudas de la Matriz	8 347	8 351
Préstamos y cuentas por cobrar a la Matriz (Nota 6)	8 347	8 351
Total de activos	8 415	8 392
Patrimonio neto y pasivo		
Pasivo corriente	3	3
Otros devengos (Nota 7)	3	3
Pasivo no corriente	8 374	8 351
Acciones preferentes (Nota 8)	8 347	8 351
Préstamos y anticipos (Nota 6)	27	-
Patrimonio neto	38	38
Acciones ordinarias (Nota 9)	38	38
Ingresos / (pérdidas) netos para el ejercicio	-	-
Total patrimonio y pasivo	8 415	8 392

Las notas adjuntas de las páginas 9 a 16 forman parte integrante de los presentes estados financieros.

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BPE PREFERENCE INTERNATIONAL LIMITED

CUENTA DE RESULTADOS CORRESPONDIENTE A LOS EJERCICIOS CERRADOS A 31 DE DICIEMBRE DE 2014 Y 2013

(En miles de euros)

	<u>2014</u>	<u>2013</u>
Ingresos por intereses (Nota 10)	390	578
Gastos por intereses y cargos de similar naturaleza (Nota 10)	(386)	(563)
Ingresos de explotación netos	4	15
Ingresos por cargos y comisiones (Nota 10)	5	-
Margen bruto	9	15
Gastos generales de administración (Nota 10)	(9)	(15)
Margen de explotación	-	-
Ingresos netos para el ejercicio	-	-

Las notas adjuntas de las páginas 9 a 16 forman parte integrante de los presentes estados financieros.

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BPE PREFERENCE INTERNATIONAL LIMITED

INFORME DE CAMBIOS EN EL PATRIMONIO NETO CORRESPONDIENTE A LOS EJERCICIOS CERRADOS A 31 DE DICIEMBRE DE 2014 Y 2013
(En miles de euros)

	Capital social	Reservas	Beneficios (Pérdidas) acumulados	Total
Ejercicio fiscal cerrado a 31 de diciembre de 2013				
Saldo a 1 de enero de 2013	38	-	-	38
Otros	-	-	-	-
Beneficios / (pérdidas) netos	-	-	-	-
Saldo a 31 de diciembre de 2013	38	-	-	38
Ejercicio fiscal cerrado a 31 de diciembre de 2014				
Saldo a 1 de enero de 2014	38	-	-	38
Otros	-	-	-	-
Beneficios / (pérdidas) netos	-	-	-	-
Saldo a 31 de diciembre de 2014	38	-	-	38

Las notas adjuntas de las páginas 9 a 16 forman parte integrante de los presentes estados financieros.

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BPE PREFERENCE INTERNATIONAL LIMITED

FLUJOS DE EFECTIVO CORRESPONDIENTES A LOS EJERCICIOS CERRADOS A 31 DE DICIEMBRE DE 2014 Y 2013

(En miles de euros)

	<u>2014</u>	<u>2013</u>
Flujos de efectivo procedentes de actividades de explotación		
Ingresos por intereses	390	578
Gastos por intereses y cargos de similar naturaleza	(386)	(563)
Ingresos por cargos y comisiones	5	-
Gastos generales de administración	(9)	(15)
	<hr/>	<hr/>
Flujos de efectivo procedentes de actividades de explotación antes de cambios en activos y pasivos de explotación	-	-
Otros	22	8
	<hr/>	<hr/>
Efectivo neto generado por (empleo en) operaciones	22	8
Aumento (disminución) neto de efectivo y equivalente de efectivo	22	8
Efectivo y equivalente de efectivo al inicio del ejercicio	41	33
	<hr/>	<hr/>
Efectivo y equivalentes al efectivo al cierre del ejercicio	63	41
	<hr/>	<hr/>

Las notas adjuntas de las páginas 9 a 16 forman parte integrante de los presentes estados financieros.

BPE PREFERENCE INTERNATIONAL LIMITED

NOTAS A LOS ESTADOS FINANCIEROS DEL EJERCICIO CERRADO A 31 DE DICIEMBRE DE 2014 (en miles de euros)

1. Información general

BPE Preference International Limited ("BPE Preference" o la "Sociedad") es una sociedad financiera constituida con duración indefinida el 6 de marzo de 2000 con el nombre de Popular Preference (Cayman) Limited en virtud de la legislación mercantil de las Islas Caimán, con número de registro CR-97816. El domicilio social de la Sociedad se encuentra en P.O. Box 309, George Town, Grand Cayman, Antillas Británicas.

El 22 de marzo de 2002 los accionistas de BPE Preference aprobaron por resolución especial la modificación de la denominación de la Sociedad, que pasó a llamarse BPE Preference International Limited.

El objeto social de BPE Preference International Limited es la emisión de Acciones preferentes. Banco Popular Español, S.A. garantiza el reembolso del principal y de los intereses.

2. Resumen de las políticas contables más importantes

a) Bases de elaboración

Los presentes estados financieros se han preparado de conformidad con las Normas internacionales de información financiera ("NIIF") y con las interpretaciones del Comité de interpretación de las NIIF ("CINIIF") aplicables para sociedades que presenten sus cuentas con arreglo a las NIIF. Los estados financieros han sido preparados conforme al criterio del coste histórico. La preparación de estados financieros con arreglo a las NIIF exige el uso de determinadas estimaciones contables consideradas como críticas, y asimismo, exige que los gerentes de la Sociedad hagan uso de su buen a la hora de implantar las políticas contables societarias. No existen áreas, a excepción de la estimación del valor razonable, que impliquen un grado más elevado de valoración o complejidad o áreas en las que las hipótesis o las estimaciones sean significativas para los estados financieros. Los resultados reales podrían diferir de los estimados.

Los presentes estados financieros han sido aprobados por el Consejo de administración de la Sociedad el 24 de marzo de 2015.

A continuación se resumen las políticas contables más importantes adoptadas por BPE Preference International Limited.

b) Cambios en la política contable y en la información a revelar

A la hora de elaborar los presentes estados financieros, los Consejeros de la Sociedad han seguido los principios contables generalmente aceptados según las Normas Internacionales de Información Financiera, tal y como se indica en la Nota 3.

BPE PREFERENCE INTERNATIONAL LIMITED

NOTAS A LOS ESTADOS FINANCIEROS DEL EJERCICIO CERRADO A 31 DE DICIEMBRE DE 2014 (en miles de euros)

En este contexto, el IASB aprobó las siguientes normas y modificaciones el 1 de enero de 2013 y el Reglamento (UE) nº 1254/2012 del Parlamento Europeo y del Consejo las aprobó el 1 de diciembre, fijando la fecha para su adopción obligatoria el 1 de enero de 2014.

- NIIF 10: "Estados financieros consolidados": Se amplía la definición de control, pasando a ser obligatorio el análisis de los hechos y circunstancias específicas de cada posible entidad del grupo.
- NIIF 11: "Acuerdos conjuntos": Entre los cambios realizados, deja de permitirse que las entidades controladas de forma conjunta puedan elegir entre la consolidación proporcional y el método de consolidación patrimonial.
- NIIF 12: "Información a revelar sobre participaciones en otras entidades": Esta norma recopila todos aquellos requisitos de notificación relativos a inversiones en filiales, acuerdos conjuntos y entidades asociadas y de estructura no consolidada.

Asimismo, las siguientes normas y modificaciones entraron en vigor en 2014:

- NIC 27 (Modificación): "Estados financieros separados". Debido a la inclusión de parte de la presente norma en la nueva NIIF 10.
- NIC 28 (Modificación): "Inversiones en entidades asociadas". Actualizada para incluir referencias a *joint ventures* según la nueva NIIF 11.
- NIC 32 (Modificación) "Instrumentos financieros: presentación [Compensación de activos financieros con pasivos financieros]", publicada por el IASB en diciembre de 2011 que modifica la Guía de Aplicación del punto 42 de la norma para aclarar algunos de los requisitos para la compensación de activos financieros con pasivos financieros en el balance de situación.
- NIC 36 (Modificación) "Deterioro del valor de los activos": hace referencia a la información a revelar relativa al importe recuperable de activos deteriorados cuando dicho importe recuperable esté basado en el valor razonable menos los costes de enajenación o disposición por otra vía de estos activos.
- NIC 39 (Modificación) "Instrumentos financieros: reconocimiento y valoración [Novación de derivados y continuación de la contabilidad de coberturas]": en la que se introduce una exención de ámbito restringido relativa a la interrupción de la contabilidad de coberturas cuando un derivado designado como instrumento de cobertura es objeto de novación a una cámara de compensación de pagos.
- Interpretación de CINIIF 21: "Gravámenes": Se trata de una interpretación de la NIC 37: "Provisiones, activos y pasivos contingentes" adoptada por la Unión Europea en 2014.

La entrada en vigor de estas "normas e interpretaciones" no ha tenido un impacto significativo en la Sociedad.

BPE PREFERENCE INTERNATIONAL LIMITED

NOTAS A LOS ESTADOS FINANCIEROS DEL EJERCICIO CERRADO A 31 DE DICIEMBRE DE 2014 (en miles de euros)

Normas y modificaciones pendientes de adopción (aprobación) por parte de la Unión Europea que se pueden aplicar anticipadamente.

Ciclo 2011–2013 del proyecto de Mejoras anuales de las NIIF: En diciembre de 2013 el IASB publicó las Mejoras anuales de las NIIF para el Ciclo 2011-2013. Las modificaciones incluidas en estas Mejoras anuales se aplicarán generalmente para los ejercicios que comiencen a partir del 1 de enero de 2015, incluido, aunque se permite su adopción anticipada. Las principales modificaciones afectan a:

- NIIF 3 "Combinaciones de negocios": Excepciones de alcance para *joint ventures*.
- NIIF 13: "Medición del valor razonable": Alcance de la "excepción de cartera" disponible en la NIIF 13.
- NIC 40 "Propiedades de inversión": en la que se realiza una aclaración relativa a la interrelación entre la NIC 40 y la NIIF 3 a la hora de clasificar un inmueble como inversión inmobiliaria o inmueble ocupado por el dueño.

Ciclo 2010-2012 del proyecto de Mejoras anuales de las NIIF: En diciembre de 2013 el IASB publicó las Mejoras anuales de las NIIF para el Ciclo 2010-2012. Las modificaciones incluidas en estas Mejoras anuales se aplicarán generalmente para los ejercicios que comiencen a partir del 1 de febrero de 2015, incluido, aunque se permite su adopción anticipada. Las principales modificaciones afectan a:

- NIIF 2 "Pagos basados en acciones": Definición de "condición para la irrevocabilidad de la concesión".
- NIIF 3 "Combinaciones de negocios": Contabilización de una contraprestación contingente en una combinación de negocios.
- NIIF 8 "Segmentos de operación": Información a revelar sobre la agregación de segmentos de operación y conciliación de los montos totales de los activos asignados a los segmentos sobre los que se notifica con los activos de la entidad.
- NIIF 13: "Medición del valor razonable": Orientación relativa a la capacidad de medición de las partidas a cobrar y a pagar a corto plazo a su valor nominal cuando el efecto del descuento no sea significativo.
- NIC 16 "Inmovilizado material" y NIC 38 "Activos intangibles": Método de revalorización - reexpresión proporcional de la depreciación y amortización acumuladas.
- NIC 24 "Información a revelar sobre partes vinculadas": Entidad que proporciona servicios de personal clave de dirección como parte vinculada.
- NIIF 9: "Instrumentos financieros": Que a su vez se divide en tres partes, alguna de las cuales ya se ha aprobado, y cuya fecha de entrada en vigor corresponde al 1 de enero de 2018 y para la que existe una posibilidad de adopción anticipada en 2017.
- NIC 19 (Modificación) "Retribuciones a los empleados [Planes de prestaciones definidas: Aportaciones de los empleados]", aplicable a partir del 1 de julio 2014.

No se espera que estas modificaciones tengan impacto en los estados financieros de la sociedad correspondientes al ejercicio de 2014.

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Normas, modificaciones e interpretaciones de las normas de 2014 que no pueden adoptarse anticipadamente o que no han sido adoptadas por la Unión Europea:

- NIIF 14 "Cuentas de diferimientos de actividades reguladas".
- NIIF 11 (Modificación) "Acuerdos conjuntos [Contabilización de adquisiciones de participaciones en operaciones conjuntas]": Exige la aplicación de principios de contabilización de una combinación de negocios a un inversor que adquiere una participación en una operación conjunta que constituye un negocio.
- NIC 16 (Modificación) y NIC 38 (Modificación) "Aclaración de los métodos aceptables de depreciación y amortización"
- NIIF 15 "Ingresos de actividades ordinarias procedentes de contratos con clientes": En mayo de 2014, el IASB y el FASB emitieron conjuntamente una norma convergente relacionada con el reconocimiento de ingresos ordinarios procedentes de contratos con clientes.
- NIIF 9: "Instrumentos financieros": En julio de 2014, el IASB publicó la versión completa de la NIIF 9. Esta modificación incluye los requisitos de clasificación y valoración de activos y pasivos financieros. También incluye un modelo de pérdidas crediticias esperadas que sustituye al modelo de pérdidas incurridas por deterioro utilizado en la actualidad.
- NIC 27 (Modificación) "Estados financieros consolidados y separados [Método de la participación en estados financieros separados]": La NIC 27 se modifica para restablecer la opción de utilización del método de la participación para contabilizar inversiones en entidades dependientes, asociadas y *joint ventures* en los estados financieros separados de una entidad.
- NIIF 28 (Modificación) "Inversiones en Entidades asociadas y *Joint Ventures*". Esta enmienda permite que una entidad que no es de inversión, pero tiene una participación en una asociada o *joint venture* que sí sea una entidad de inversión, pueda elegir la política al aplicar el método de participación.
- NIIF 10 (Modificación) y NIC 28 (Modificación) "Venta o aportación de activos entre un inversor y su entidad asociada/*joint venture*": En estas modificaciones se aclaran los requisitos contables de las ventas y aportaciones de activos entre un inversor y sus entidades asociadas y *joint ventures*, que dependerá de si los activos no monetarios vendidos o aportados a una asociada o *joint venture* constituyen un "negocio". No se espera que su implantación tenga impactos significativos en las cuentas anuales de la Sociedad.

Ciclo 2012-2014 del proyecto de mejora de las NIIF: Las modificaciones afectan a la NIIF 5, NIIF 7, NIC 19 y NIC 34 y se aplicarán en los ejercicios que comiencen a partir de 1 de julio de 2016, incluido, con sujeción a su adopción por parte de la UE. Las principales modificaciones afectan a¹:

- NIIF 5, "Activos no corrientes mantenidos para la venta y actividades interrumpidas": Cambios en los métodos de enajenación.
- NIIF 7: "Instrumentos financieros: Información a revelar": Implicación continuada en contratos de administración.

¹ Nota de la traductora jurada: en el original este párrafo aparece repetido dos veces. Se omite de la traducción por entender que se trata de un error y que no aporta contenido.

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- NIC 19: "Retribuciones a los empleados": Determinación del tipo de descuento en las obligaciones por retribuciones post-empleo.
- NIC 34, "Información financiera intermedia": Información revelada en otra parte del informe financiero intermedio.
- NIIF 28,
- NIC 1 (Modificación) "Presentación de estados financieros": Las modificaciones a la NIC 1 animan a las empresas a que apliquen su juicio profesional a la hora de determinar qué información revelar en los estados financieros.

Las modificaciones a la NIC 1 pueden aplicarse inmediatamente, y son obligatorias para ejercicios que comiencen a partir de 1 de enero de 2016, incluido.

La Sociedad ha evaluado los impactos derivados de las mismas y no espera que tengan un efecto significativo en las cuentas anuales.

En 2013 entraron en vigor las normas e interpretaciones del Consejo de Normas Internacionales de Contabilidad que han modificado las siguientes normas:

- NIC 1 (Modificación): "Presentación de estados financieros". Esta modificación cambia la forma de presentación del estado de ingresos y gastos reconocidos, y exige que las partidas que en él se incluyan se agrupen en dos categorías según se produzca o no su transferencia a la cuenta de pérdidas y ganancias. Esta modificación es obligatoria para todos los ejercicios que comiencen a partir del 1 de julio de 2012, incluido.
- NIC 19 (Modificación): "Retribuciones a los empleados". La modificación de la NIC 19 introduce cambios al reconocimiento y medición de los gastos por pensiones con ventajas definidas, indemnizaciones por cese y divulgación de todas las retribuciones de los empleados. La aplicación de la NIC 19, en su versión modificada, era obligatoria y aplicable de forma retroactiva a todos los ejercicios financieros cuyo inicio tenga lugar a partir del 1 de enero de 2013, incluido.
- NIIF 1 (Modificación): "Adopción por primera vez de las normas internacionales de información [Elevado nivel de inflación y eliminación de las fechas fijas para quienes adoptan por primera vez las normas internacionales de información financiera]".
- NIC 12 (Modificación): "Impuestos diferidos: Recuperación de activos subyacentes". La modificación de la NIC 12 ofrece un enfoque práctico a la valoración del impuesto diferido del activo y del pasivo relativo a la inversión inmobiliaria realizada al valor razonable, una de las opciones de medición que ofrece la NIC 40: "Inversiones inmobiliarias". Esta modificación es obligatoria para todos los ejercicios cuyo inicio tenga lugar a partir del 1 de enero de 2013, incluido.
- NIIF 13: "Medición del valor razonable". La NIIF 13 es resultado del compromiso conjunto del IASB y el FASB (Consejo de Normas de Contabilidad Financiera en Estados Unidos) que explica cómo calcular el valor razonable de una partida y se concibe para mejorar y expandir los requisitos de divulgación del valor razonable. Esta norma no establece qué partidas deberían adquirirse al valor razonable ni añade nuevos requisitos relativos a la medición del valor razonable en comparación con los requisitos ya existentes.

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Esta norma se aplicará en lo sucesivo y es obligatoria para todos los ejercicios cuyo inicio tenga lugar a partir del 1 de enero de 2013, incluido.

Ciclo 2009-2011 del proyecto de mejora de las NIIF: El presente proyecto de mejora de las NIIF introdujo cambios y aclaraciones menores a: NIIF 1: "Adopción por primera vez de las NIIF", NIC 1: "Presentación de estados financieros", NIC 32: "Instrumentos financieros: Presentación", NIC 34: "Información financiera intermedia", NIC 16: "Inmovilizado material" y NIIF 7: "Instrumentos financieros: información a revelar [Compensación de activos y pasivos financieros]".

La entrada en vigor de estas mejoras no tuvo un impacto significativo en la Sociedad.

c) Comparabilidad

Las modificaciones legislativas introducidas en 2014 no han tenido consecuencia alguna en la información financiera de BPE Preference International Limited y, por tanto, no ha habido necesidad de adaptación o reclasificación de la información cuantitativa de 2013 publicada en los estados financieros del ejercicio anterior.

d) Errores y cambios en la estimación contable

La Sociedad no ha corregido error alguno ni ha modificado ninguna estimación contable en los estados financieros adjuntos.

3. Principios contables y forma de valoración

Los principios contables y normas de valoración más importantes aplicados se recogen a continuación:

a) Reconocimiento de ingresos y gastos

Los ingresos y gastos se contabilizan por acumulación en la cuenta de pérdidas y ganancias, independientemente de su fecha real de captación. Los ingresos y gastos financieros se contabilizan según su rentabilidad efectiva.

b) Política sobre efectivo y equivalente al efectivo

El efectivo y los equivalentes al efectivo incluyen depósitos bancarios a la vista y otras inversiones a corto plazo de elevada liquidez con un vencimiento original de hasta 3 meses.

c) Clasificación de activo y pasivo

Activos y pasivos con un periodo de vencimiento inferior a un año se clasifican como activo o pasivo corriente, y aquel cuyo vencimiento supere el dicho periodo o tenga duración indefinida se clasifica como saldo a largo plazo.

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d) Acciones preferentes

Las acciones preferentes emitidas por la Sociedad y garantizadas por el Banco Popular Español S.A. no tienen una fecha específica de amortización. No obstante, la Sociedad puede, con el consentimiento del Banco de España, redimir las Acciones Preferentes si transcurre un periodo de cinco años desde su fecha de emisión. Cada Acción Preferente conlleva un interés fijo, calculado según el principio del devengo, pagadero si el Banco Popular Español, S.A. cumple con los requisitos de las ratios de adecuación de capital exigidos por la normativa del Banco de España y si los ingresos netos del Banco Popular Español, S.A. son suficientes.

Las normas NIIF establecen que las Acciones preferentes emitidas en determinadas condiciones, como las emitidas por la Sociedad, y que se liquidan en efectivo, se deben clasificar como "pasivo".

Los dividendos de estas Acciones preferentes se registran en la cuenta de resultados como "gastos por intereses", calculados según el principio del devengo.

e) Conversión de divisas extranjeras

Los estados financieros se presentan en miles de euros, divisa funcional de la Sociedad y de su Matriz, pues es como mejor se refleja la naturaleza económica de los eventos y circunstancias subyacentes relevantes para la Sociedad.

Las transacciones en divisas extranjeras se convierten a la divisa funcional a los tipos de cambio vigentes en la fecha de las transacciones o de valoración, en caso de reevaluación de las partidas. Las pérdidas y ganancias en divisas extranjeras resultantes de la liquidación de dichas transacciones y de la conversión de los activos y pasivos monetarios denominados en divisas extranjeras a los tipos de cambio de cierre quedan reconocidas en la cuenta de resultados.

f) Préstamos y cuentas por cobrar

Los préstamos y cuentas por cobrar representan depósitos a plazo en la Matriz. La Dirección de la Sociedad posee la capacidad y la intención de mantener todos los préstamos y cuentas por cobrar hasta su vencimiento, superior a doce meses.

Los préstamos y cuentas por cobrar de BPE Preference están conectados, en su capital principal, con acciones preferentes emitidas por BPE Preference y con la fecha de vencimiento más cercana posible de las acciones preferentes con condiciones de renovación desde ese momento para cada posible punto de amortización posterior. Como activos de pagos y vencimientos fijos, se pretende mantenerlos hasta su vencimiento.

g) Capital social

Las acciones ordinarias se clasifican como patrimonio neto. Los costes adicionales atribuibles directamente a la emisión de nuevas acciones ordinarias se muestran en el patrimonio neto como una deducción neta aplicada a los ingresos.

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h) Gestión del riesgo financiero

i) Riesgos del tipo de cambio

El riesgo del tipo de cambio es el riesgo que implica que las variaciones de los tipos de cambio vigentes de la moneda extranjera afecten a la situación financiera y a los flujos de efectivo de la Sociedad. El riesgo del tipo de cambio de la Sociedad se limita a una sola cuenta bancaria en divisa extranjera con un saldo de 45 000 dólares estadounidenses a 31 de diciembre de 2014 y 50 000 dólares estadounidenses a 31 de diciembre de 2013.

ii) Riesgos del tipo de interés

El riesgo del tipo de interés es el riesgo de que las variaciones de los tipos de interés vigentes del mercado afecten a la situación financiera y a los flujos de efectivo de la Sociedad.

La exposición de los tipos de interés en dividendos de las acciones preferentes se ve mitigada por la colocación y cuentas por cobrar de la Matriz (Nota 6). Los tipos de interés de las acciones preferentes y de los préstamos y cuentas por cobrar son iguales.

iii) Riesgos crediticios

El riesgo crediticio es el riesgo de que alguna de las partes contrarias no pueda devolver la totalidad de los importes debidos en su momento.

El riesgo crediticio de la Sociedad se concentra en Banco Popular Español, S.A., su Matriz, una entidad financiera con una alta calidad crediticia en España.

Agencia	<u>A corto plazo</u>	<u>A largo plazo</u>
Fitch	B	BB+
Moody's	NP	Ba3
Standard & Poor's	B	B+
DBRS	R1 (bajo)	A (bajo)

La Sociedad no ha realizado otras transacciones que puedan implicar riesgo crediticio ninguno.

iv) Riesgos de liquidez

La gestión prudente del riesgo de liquidez implica mantener un saldo suficiente en las partidas de efectivo y deudas de la Matriz, disponibilidad de financiación a través de una adecuada cantidad de líneas de crédito de garantía y capacidad para cerrar posiciones de mercado.

Debido a la naturaleza de sus actividades, la Sociedad no presenta una exposición a riesgos de liquidez significativa.

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i) Estimación del Valor razonable

A 31 de diciembre de 2014 y 2013, el balance de la Sociedad incluye el valor contable de los activos financieros (cuentas por cobrar y préstamos) y pasivos (acciones preferentes).

i) Préstamos y anticipos

El valor justo estimado a pagar por la Matriz (cuentas por cobrar y préstamos) se basa en el análisis de las acciones preferentes, ya que las condiciones financieras son idénticas (véase a continuación).

ii) Acciones preferentes

El valor razonable de los instrumentos financieros que cotizan en mercados activos (tales como participaciones disponibles para la venta o con fines de negociación) se basa en los precios de mercado vigentes en la fecha del balance. El precio cotizado de mercado de los activos financieros es el precio de compra actual.

El valor razonable de los instrumentos financieros que no cotizan en mercados activos se determina mediante técnicas de valoración basadas en las condiciones de mercado en la fecha de cada balance. En el caso de la deuda a largo plazo, se utilizan los precios de cotización de mercado o la estimación de los agentes. Asimismo, se utilizan otras técnicas, como el descuento de los flujos de efectivo estimados, para determinar el valor razonable de otros instrumentos financieros.

Las Acciones Preferentes cotizan en AIAF, Mercado de Renta Fija, S.A, por lo tanto, el valor razonable de las Acciones Preferentes se basa en el precio de cierre de mercado a 31 de diciembre de 2014 y 2013.

No obstante, debido a las actuales condiciones del mercado, el valor razonable puede diferir de los valores que se podrían determinar si las transacciones se llevaran a cabo entre terceros con arreglo a sus propias expectativas de mercado.

4. Información por segmentos

Siguiendo los criterios del Grupo Banco Popular, la segmentación se realiza por áreas de negocio.

Toda la actividad de la Sociedad se recoge en el segmento "Institucional y de mercados".

5. Gestión de capitales

La Sociedad no se encuentra sujeta a requisitos de capital impuestos de manera externa, pero está incluida en el Grupo Banco Popular, sujeto a la normativa sobre Grupos Financieros del Banco de España. En ese sentido, la Sociedad cumple con lo establecido en las estrategias del Grupo destinadas a mantener unos elevados niveles de solvencia como símbolo de identidad de Banco Popular. La estrategia se ha combinado con éxito con la necesidad de remunerar el capital correctamente para maximizar su diversificación en cuanto a plazos e instrumentos y para minimizar su coste empleando todas las alternativas permitidas en el marco regulatorio.

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6. Deudas de la Matriz

El apunte "Deudas de la Matriz" refleja un activo de 8 415 000 euros a 31 de diciembre de 2014 y de 8 392 000 euros a 31 de diciembre de 2013.

El apunte "Deudas de la Matriz" refleja un pasivo de 8 374 000 euros a 31 de diciembre de 2014 y de 8 351 000 euros a 31 de diciembre de 2013.

A continuación se muestra el desglose de este epígrafe a 31 de diciembre de 2014 y 2013:

	2014	2013
Activo	8 415	8 392
Intereses devengados	9	13
Préstamos y anticipos a la Matriz	8 338	8 338
Deudas de la Matriz	63	41
Otros activos a cuenta	5	-
Pasivo	8 374	8 351
Intereses devengados	9	13
Acciones preferentes	8 338	8 338
Préstamos y anticipos	27	-

Los depósitos de la Matriz tienen un interés del 0%, están denominados en dólares estadounidenses y son pagaderos a la vista.

La cantidad de 5 000 euros incluida en el apartado "Otros activos a cuenta" está vinculada con un servicio de intermediación prestado a la Matriz y no cobrado a 31 de diciembre de 2014.

La cantidad de 27 000 euros incluida en el apartado "Préstamos y anticipos" está vinculada con un préstamo participativo de la Matriz suscrito a 30 de diciembre de 2014.

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La siguiente tabla ofrece el desglose por divisa emitida y el importe nacional de cuentas por cobrar y préstamos (depósitos a largo plazo con la Matriz, Banco Popular Español, S.A.), (en miles de euros)

Serie	Divisa	Ejercicio	2014	2013
A	Euro	2000	3 654	3 654
B	Euro	2001	2 487	2 487
C	Euro	2002	2 197	2 197
			<u>8 338</u>	<u>8 338</u>

7. Otros devengos

Los devengos tienen que ver principalmente con gastos administrativos generales incurridos durante el ejercicio, y ascienden a 3 000 euros a 31 de diciembre de 2014 (3 000 euros a 31 de diciembre de 2013).

8. Acciones preferentes

El desglose del balance al cierre de 2013 y 2014 por divisa de emisión e importes nacionales es el siguiente:

Serie	Divisa	ejercicio de emisión	2014	2013	Intereses devengados en 2014	Intereses devengados en 2013	Tipo de interés
A	Euro	2000	3 654	3 654	-	-	4,20%
B	Euro	2001	2 487	2 487	5	7	4,20%
C	Euro	2002	2 197	2 197	4	6	4,20%
			<u>8 338</u>	<u>8 338</u>	<u>9</u>	<u>13</u>	

Estas emisiones han sido suscritas por terceras partes externas al Grupo Banco Popular, y cotizan en AIAF, Mercado de Renta Fija, S.A. Las emisiones pueden ser total o parcialmente rescatadas por el emisor (la Sociedad), previa autorización de Banco de España una vez cumplidos cinco años tras su fecha de emisión.

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La evaluación de cada una de las emisiones por agencias de calificación crediticia es la siguiente:

Agencia	Serie A	Serie B	Serie C
Fitch IBCA	B	B	B
Moody's	Caa1	Caa1	Caa1
Standard & Poor's	CCC	CCC	CCC

La Sociedad no ha emitido acciones preferentes en los ejercicios finalizados el 31 de diciembre de 2013 y el 31 de diciembre de 2014.

9. Patrimonio neto

El número total autorizado de acciones ordinarias al cierre del ejercicio era de 50 000, con un valor nominal de 1 dólar estadounidense cada una, íntegramente suscritas y desembolsadas. Todas las acciones poseen los mismos derechos financieros y de voto. Todas las acciones de la Sociedad a 31 de diciembre de 2014 y de 2013 pertenecen a Banco Popular Español, S.A. No ha habido variaciones en el capital social de la Sociedad desde la constitución de la Sociedad.

10. Pérdidas y ganancias

A continuación se detallan los desgloses pertinentes relativos a la cuenta de resultados para los ejercicios cerrados a 31 de diciembre de 2014 y de 2013:

	2014	2013
Pérdidas y ganancias		
Ingresos por intereses:		
Intereses procedentes de la Matriz	390	578
Gastos por intereses y cargos de naturaleza similar:		
Intereses procedentes de Acciones Preferentes	(386)	(563)
Ingresos de explotación netos	4	15
Ingresos por honorarios y comisiones	5	-
Margen bruto	9	15
Gastos administrativos generales		
Otros gastos	(9)	(15)
Ingresos / (pérdidas) netos del ejercicio	-	-

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11. Situación fiscal

En virtud de la legislación vigente en las Islas Caimán, la Sociedad no ha de abonar ningún tipo de impuesto sobre la renta, estatal, sobre ventas, transferencias u otros impuestos en las Islas Caimán.

12. Empleados

La Sociedad no ha tenido empleados en 2013 y 2014. Los miembros del Consejo no percibieron salario alguno por su trabajo en BPE Preference.

13. Honorarios de auditoría

Los honorarios devengados durante el ejercicio finalizado el 31 de diciembre de 2014 por PricewaterhouseCoopers Auditores, S.L. por los servicios de auditoría prestados a BPE Preference suman un total de 3 000 euros (3 000 euros en 2013).

14. Eventos posteriores

Tras el cierre del balance no se han producido eventos que pudieran alterar significativamente los puntos que se reflejan en el informe de gestión.

PILAR BENÍTEZ MARTÍNEZ
DIRECTORA GENERAL DE INGLÉS
C/... 2014



BPE PREFERENCE INTERNATIONAL LTD

Informe de gestión

2014

PILAR BENÍTEZ MARTÍNEZ
D. N.º 1.111.111



1. - EVOLUCIÓN DEL NEGOCIO Y ACTUAL POSICIÓN DE LA SOCIEDAD

La Sociedad, cuyo objeto social es la recaudación de fondos en mercados nacionales e internacionales para su colocación en el Grupo Banco Popular, no ha llevado a cabo ninguna emisión en 2014.

Los fondos recaudados por las emisiones de ejercicios anteriores se han depositado en Banco Popular Español, pues es la entidad que garantiza el valor nominal y los intereses de las emisiones a los titulares.

2. - VALORES DEL TESORO

La Sociedad no ha llevado a cabo ninguna operación con Valores del Tesoro en 2014.

3. - INVESTIGACIÓN Y DESARROLLO Y CUESTIONES MEDIOAMBIENTALES

No se ha realizado ninguna inversión en Investigación y Desarrollo en 2014. Asimismo, la Sociedad no ha realizado ninguna inversión en cuestiones medioambientales y, por lo tanto, no se ha destinado ninguna provisión para riesgos o gastos relacionados con el medio ambiente, ya que no existe ninguna contingencia que tenga que ver con cuestiones medioambientales.

4. - INFORMES SOBRE GESTIÓN DE RIESGOS

Debido a su actividad, el uso de instrumentos financieros está asignado al cumplimiento del objeto social, ajustando sus objetivos y las políticas de gestión de riesgos, mercados, créditos y liquidez.

5. - EVENTOS POSTERIORES AL BALANCE

Tras el cierre del informe no se han producido eventos que pudieran alterar significativamente los puntos que se reflejan en el informe de gestión.



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TRADUCCIÓN JURADA

Pilar Benítez Martínez, Traductora Jurada facultada por el Ministerio de Asuntos Exteriores español.

Traducción jurada número 1310246 — en mis archivos personales.

La presente traducción consta de 20 — páginas, firmadas y selladas por la traductora.

D^a Pilar Benítez Martínez, Intérprete Jurado de Inglés, Traductora Oficial por la Oficina de Interpretación de Lenguas del Ministerio de Asuntos Exteriores, habilitada para el ejercicio de la traducción oficial en todo el territorio nacional, por el presente documento DOY FE:

De que la traducción anterior refleja fielmente en el idioma ESPAÑOL un documento en el idioma INGLÉS.

Y para que así conste, firmo y sello el presente documento en Madrid, a 20 de abril de 2015.

PILAR BENÍTEZ MARTÍNEZ
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