BBVA International Limited

Financial Half-Year Report
to 30th June 2011.

BBVA INTERNATIONAL LIMITED

BALANCE SHEET

TO 30th JUNE 2011 and 2010

(USA dollars)

	JUNE 2011	JUNE 2010
ASSETS:		
Treasury and equivalent	3,724,383	3,187,455
Assets with Parent Company	728,946,063	614,531,680
Total Assets	**732,670,446**	**617,719,135**
LIABILITIES:		
Other accrual accounts	1	-
Preference Shares	728,937,055	614,531,680
Other accounts	-	-
	728,937,056	**614,531,680**
SHAREHOLDER EQUITY		
Ordinary shares	1,000	1,000
Remainder	3,732,390	3,186,455
	3,733,390	**3,187,455**
Total Liabilities and Shareholder Equity	**732,670,446**	**617,719,135**

BBVA INTERNATIONAL LIMITED

INCOME STATEMENT

TO 30th JUNE 2011 and 2010

(USA dollars)

	JUNE 2011	JUNE 2010
Financial revenues	7,866,917	2,255,608
Net profit (or loss) from forex transactions	280,828	(548,569)
Interest paid to bond-holders	(7,858,171)	(2,189,267)
Net interest income	**289,574**	**(482,228)**
General administration and personnel expenses	(10,831)	(5,327)
Other revenues	-	-
End-of-period result	**278,743**	**(487,555)**
Earnings per ordinary share	278,743	(487,55)
Average ordinary shares in circulation	1,000	1,000

BBVA INTERNATIONAL LIMITED

STATEMENT OF CHANGES IN SHAREHOLDER EQUITY

FOR THE FIRST HALF OF 2011 and 2010

(USA dollars)

	JUNE 2011	JUNE 2010
Number of ordinary shares authorised and issued		
Balance at beginning and end of period	1,000	1,000
Nominal value per share		
Ordinary shares (USD)	1	1
Ordinary Shares		
Balance at beginning and end of period	1,000	1,000
Remainder		
Balance at beginning of period	3,453,647	3,674,010
Dividends	-	-
End-of-period earnings	278,743	(487,555)
Balance at end of period	3,732,390	3,186,455
Share capital and Retained Earnings, at end of period	**3,733,390**	**3,187,455**

BBVA INTERNATIONAL LIMITED

CASH FLOW STATEMENT

FOR THE FIRST HALF OF 2011 and 2010

(USA dollars)

	JUNE 2011	JUNE 2010
CASH FLOW FROM OPERATING ACTIVITIES:		
Net (loss) profit for the year	**278,743**	**(487,555)**
Adjustments to reconcile net (loss) profit to net cash provided by operating activities	(289,574)	482,228
Net cash flows from operating activities	**(10,831)**	**(5,327)**
CASH FLOWS FROM LENDING ACTIVITIES:		
Net reduction in deposits with Parent Company	3,040,674	3,624,178
Net cash flows from lending activities	**3,040,674**	**3,624,178**
CASH FLOWS FROM FUNDING ACTIVITIES:		
(Amortization) of Preference Shares	(3,050,042)	(3,567,596)
Dividends paid	-	-
Net cash flows from funding activities	**(3,050,042)**	**(3,567,596)**
Increase in cash or equivalent	(20,199)	51,255
Effect of currency translations	280,828	(548,569)
Cash and equivalent at beginning of period	3,463,754	3,684,769
Cash and equivalent at end of period	**3,724,383**	**3,187,455**

BBVA International Limited

Notes to the report on the half year
ending 30th June 2011
(USA dollars)

1. Group affiliation, core activity and tax regulation

Bilbao Vizcaya International Limited, which was established on 5th March 1990 in the Cayman Islands, changed its registered name to BBVA International Limited (hereinafter, the "Company") on 17th April 2000, and is fully owned by Banco Bilbao Vizcaya Argentaria, S.A. (the "Bank" or the "Parent Company"), a Spanish banking institution headquartered in Bilbao, Spain.

The Company's core activity is to act as a financing entity for the Bank.

The Cayman Islands do not currently tax profits, company earnings or capital gains.

The Company uses the United-States dollar ("dollar", "USD" or "$") as its operating currency.

The Company is economically dependent on its Parent Company and its existence is solely based on the Parent Company's capacity to complete the Company's obligations on the interest and maturity of deposits, and guarantee the redemption value of preference shares.

The Company has not issued shares since 2002, due to the revised legal and regulatory framework to which the Parent Company is subject.

The preference shares are listed on the Madrid AIAF Stock Exchange.

2. Risk exposure

Activity with financial instruments may entail the financial institution accepting or transfering one or various types of risk. The following are risks related to financial instruments:

a) Lending risk: This is the risk that one of the parties to a financial-instrument agreement fails to meet their contractual obligations on the grounds of insolvency or incapacity of individuals and/or corporations, producing a financial loss for the other party.

b) Market risk: This is the risk from holding financial instruments whose value may be impacted by changed market conditions. Its components are listed below:

   i) Fair value interest-rate risk: arises from changes in market interest rates.

   ii) Exchange risk: arises from changes in exchange rates between currencies.

The Company (as member of the BBVA Group) participates in the Group's global risk-management systems that are structured on three components: a corporate risk-management system, a set of tools, circuits and procedures comprising differentiated management systems and an internal control system.

CORPORATE GOVERNANCE SYSTEM

The BBVA Group's Board of Directors is responsible for risk policy. Thus, the Board establishes the general principles informing the BBVA Group's target risk profile. Likewise, it approves the necessary infrastructure for managing risk, the framework for delegation of powers and the limit system, so that the business can be run in congruence with said risk profile at the level of everyday decision making.

The BBVA Group's risk-management system is run by an independent risks area that combines a focused view of different risk types with an overall view. The Central Risks Area ensures that risk-support tools, metrics, data bases and information systems are suitable and standardised. It also establishes management procedures, circuits and general criteria.

TOOLS, CIRCUITS AND PROCEDURES

The Group has implemented an integrated risk management in keeping with the needs of each risk type. Each risk is managed using scoring tools for accepting, evaluating and monitoring them, defining suitable procedures and circuits. These are reflected in manuals that also describe the management criteria.

Lending risk

Below is a breakdown of the lending risk in financial instruments by geographical areas:

	USA dollars	
	JUNE 2011	JUNE 2010
Deposits in the Parent Company (Spain)	728,946,063	614,531,680
	728,946,063	**614,531,680**

Structural Interest Risk

Managing the interest risk on the balance sheet aims to keep the Bank's exposure to changes of market interest rates at levels in keeping with its risk profile and strategy. To this end, the ALCO (Assets & Liabilities Committee) actively manages the balance sheet through transactions to optimise the level of risk accepted, with respect to expected earnings, so that even the maximum levels of risk are tolerable.

The ALCO bases its work on measurements of interest-rate risk made by the Risks area which, acting as an independent unit, periodically quantifies the impact of interest-rate changes on the Bank's net interest income and economic value.

The net impact of fluctuations in interest rates on the Company is minimal, as their impact on the liabilities side of the balance sheet is offset by the same impact on the assets side.

Structural Exchange Risk

The structural exchange risk mainly comes from exposure to fluctuation in exchange rates with respect to investments and funding of issues in a currency other than the investment currency.

The net impact of exchange-rate fluctuations on the Company is minimal, as their impact on the liabilities side of the balance sheet is offset by the same impact on the assets side.

3. Assets with Parent Company

The breakdown of balance-sheet items under this heading is as follows:

	USA dollars		Interest rate on 30th June	
	JUNE 2011	JUNE 2010	2011	2010
Deposit with the Parent Co. corresponding to F-series Preference Securities in euros from 2002 (Note 5)	728,946,063	614,531,680	Euribor 3m + 0.5 bp (Min 3.505%)	Euribor 3m + 2 bp
Sight deposits with the Parent Co.	3,724,383	3,187,455	-	-
	732,670,446	**617,719,135**		

The subordinated deposit corresponding to the F-series preference securities in euros from 2002 is expressed in euros and its balance at 30th June 2011 is €500m. The Company and the Bank have agreed an interest rate for the subordinate deposit corresponding to the F-series preference shares in euros from 2002 that, as a minimum, will be equivalent to the dividends payable on the preference securities at each payout date. The interest rate to 30th June 2003 was established at a fixed annual rate of 3.943%. From and including July 1st, 2003 up to, but excluding, January 1st, 2008, the interest rate was established at an annual variable rate of 3 month EURIBOR plus 2 basis points subject to a cap of 6.52% per cent per annum and a floor of 3.27 per cent per annum. From and including January 1st, 2008 up to, but excluding April 1st, 2011, at an annual variable rate of 3 month EURIBOR plus 2 basis points. From and including April 1st, 2011, and thereafter at an annual variable rate of 3 month EURIBOR plus 0.5 basis point, subject to a floor of 3.505% per annum, being the first payment subject to a floor of 3.505% on July 1st, 2011. Revenues from interest payments to June 2011 and 2010 were $7,866,917 and $2,255,608, respectively. These are booked under "Financial Revenues" in the income statement at 30th June 2011 and 2010. The interest on the Deposits in the Parent Company corresponding to the F-series preference securities in euros from 2002 accrued by not received corresponding to June 2011 and 2010 stood at $6,296,063 and $981,680, respectively, and are booked under the heading "Assets with the Parent Company" on the balance sheet.

The Bank's obligations deriving from the aforementioned deposits are subordinate to the Bank's general obligations and ranked at the same order of priority as the rest of the preference securities issued by the Bank. The Company waivers all rights of priority over Bank creditors that may otherwise have been conferred on it.

The maturity dates of these deposits coincide with the dates of the corresponding preference securities issued.

Sight deposits and overdrafts on sight deposits, which are expressed in dollars and euros, respectively, do not accrue interest.

4. Preference Shares

F-Series Preference Securities Issued in Euros

The F-series preference securities issue comprises 5 million shares, fully paid up, of 0.01 euros par value each and with an issue price of 99.99 euros each. These securities confer the right upon their holders to receive preference dividends not accumulable in cash, at the rate of 3.943% a year. From and including July 1st, 2003 up to, but excluding, 1st January 2008, the interest rate was established at an annual variable rate of 3 month EURIBOR flat subject to a cap of 6.50 per cent per annum and a floor of 3.25 per cent per annum. From and including 1st January 2008 up to, and excluding 1st of April, 2011, at an annual variable rate of 3 month EURIBOR flat. From and including 1st April 2011, and thereafter at an annual variable rate of 3 month EURIBOR flat, subject to a floor of 3.50% per cent per annum, being the first payment subject to a floor of 3.50% on 1st July 201. The dividends are payable quarterly at the end of each quarter on 1st April, 1st July, 1st October and 1st January, except the first dividend payment, which took place on 1st April 2004.

The F-series preference securities were issued on 12th December 2002 and are redeemable at the Company's choice, subject to prior approval from the Bank and from the Bank of Spain, in their totality and not in part, at 100 euros per share on any dividend-payment date coinciding with 17th December 2007 or thereafter.

The total amount paid out as interim dividends of the F-series preference shares during the first half of 2011 and 2010 was $ 7,858,171 and $ 2,189,267 respectively. This amount was booked under the item "Interest paid to bond-holders" in the income statement.

At 30th June 2011 and 2010, there were accrued dividends payable on the F-series preference shares to the value of $ 6,287,055 and $ 981,680, respectively. The dividends were paid on 1st April 2011 and 1st April 2010. They are booked under the item "Preference Shares" in the balance sheet.

The payment of dividends and redemption are underwritten by the Bank.

However, the preference-security holders are entitled to receive assets from the Company in the event of its liquidation and to collect dividends from the Company, with priority over the ordinary-share holders. However, ordinary-share holders, unlike preference-security holders, are entitled to vote, attend AGMs and have pre-emptive subscription rights.

In the event of voluntary or obligatory liquidation, winding up or split of the Company, said preference securities confer the right to receive a liquidation payment against the assets pending distribution to shareholders equivalent to the redemption value of each preference security (nominal value plus issue premium) plus an amount equivalent to the accrued and unpaid dividends for the prevailing dividend period on the payment date. This right shall ensue proportionally amongst the aforementioned preference securities before any assets are distributed to ordinary-share holders or holders of any other class of Company shares subordinated for the effects of asset share to said preference securities. Consequently, ordinary-share holders are entitled to any residual value remaining after the preference securities have received their redemption value in the event of liquidation.

5. Subsequent events

On 1st July 2011, a dividend was paid to F-series preference securities, of 3.50% per share, which was approved by the Company board of directors, on 4th March 2011.