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BBVA International Limited

Financial Statements for the year ended
December 31, 2010
and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
BBVA International Limited (a wholly owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A.):

We have audited the accompanying financial statements of BBVA INTERNATIONAL LIMITED (a wholly owned subsidiary of Banco Bilbao Vizcaya Argentaria S.A., a spanish banking institution), which comprise the balance sheet as at December 31, 2010, and the statements of comprehensive income, changes in shareholder's equity and cash flows for the year then ended (all expressed in United States dollars), and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of BBVA INTERNATIONAL LIMITED at December 31, 2010, and the results of its operations, changes in its shareholder's equity and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to Notes 1 and 5. Since the end of December 2002, the Company ceased issuing preferred shares and is not planning to offer new issues due to the revised legal regulatory framework applicable to the Parent Company. The Parent (the sole shareholder) has committed to provide adequate financial resources to the Company to allow it to continue as a going concern until the time of its liquidation.



April 26, 2011

BBVA INTERNATIONAL LIMITED
BALANCE SHEET
DECEMBER 31, 2010
(Currency – U.S. Dollars)

	2010	2009
ASSETS:		
Cash and cash equivalents (Notes 2.e and 4)	3,463,754	3,684,769
Assets due from Parent (Notes 2.c and 4)	669,569,820	721,668,570
Total assets	673,033,574	725,353,339
LIABILITIES:		
Other accrual accounts	9,107	9,760
Preference shares (Note 2.c and 5)	669,569,820	721,668,570
	669,578,927	721,678,330
SHAREHOLDER'S EQUITY		
Ordinary shares	1,000	1,000
Retained earnings	3,453,647	3,674,009
	3,454,647	3,675,009
Total liabilities and shareholder's equity	673,033,574	725,353,339

The accompanying notes 1 to 8 are an integral part of these financial statements.

BBVA INTERNATIONAL LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2010
(Currency – U.S. Dollars)

	2010	2009
Financial revenues (Note 4)	4,971,437	11,018,777
Net (losses) / gains arisen from foreign currency transactions (Note 2.d)	(266,593)	66,142
Interest expense to preference shareholders (Note 5)	(4,905,151)	(10,949,037)
Financial margin	(200,307)	135,882
General and administrative expenses	(20,055)	(24,196)
Net income / (loss)	(220,362)	111,686
(Losses) / earnings per common share	(220)	112
Average number of common shares outstanding	1,000	1,000

The accompanying notes 1 to 8 are an integral part of these financial statements.

BBVA INTERNATIONAL LIMITED
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2010
(Currency – U.S. Dollars)

	2010	2009
Number of authorized and issued ordinary shares-		
Balance at beginning and at the end of the year	1,000	1,000
Par value per share-		
Ordinary Shares (U.S. \$)	1	1
Ordinary Shares-		
Balance at beginning and the end of the year	1,000	1,000
Retained earnings-		
Balance at beginning of the year	3,674,009	3,562,323
Net (loss) income for the year	(220,362)	111,686
Balance at end of the year	3,453,647	3,674,009
Shareholder's Equity, end of the year	3,454,647	3,675,009

The accompanying notes 1 to 8 are an integral part of these financial statements.

BBVA INTERNATIONAL LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2010
(Currency – U.S. Dollars)

	2010	2009
CASH FLOW FROM OPERATING ACTIVITIES:		
Net (loss) income for the year	(220,362)	111,686
ADJUSTMENTS TO RECONCILE NET (LOSS) INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net increase in other accrual accounts	48	593
Net cash (used in) provided by operating activities	(220,314)	112,279
CASH FLOW FROM INVESTING ACTIVITIES:		
(Increase) / decrease in deposits with Parent	(200,430)	7,886,232
Net cash (used in) provided by investing activities	(200,430)	7,886,232
CASH FLOW FROM FINANCING ACTIVITIES:		
Increase / (decrease) in Preference Shares	200,430	(7,816,646)
Net cash (used in) / provided by financing activities	200,430	(7,816,646)
(Decrease) / increase in cash and cash equivalents	(220,314)	181,865
Effect of currency translations	(701)	(584,590)
Cash and cash equivalents at the beginning of the year	3,684,769	4,087,494
Cash and cash equivalents at the end of the year (Note 4)	3,463,754	3,684,769

The accompanying notes 1 to 8 are an integral part of these financial statements.

BBVA International Limited

Notes to the financial statements
For the year ended December 31, 2010
(Currency – U. S. Dollars)

1. Group affiliation, principal activity and tax regulation

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

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

The Cayman Islands currently have no taxes on profits, corporate income or capital gains.

The Company uses the United States of America ("U.S.") dollar ("U.S. \$") as its functional currency.

The Company is economically dependent on the Parent (Note 4) and its continuing existence is based solely on the ability of the Parent to fulfill its obligations to the Company for the interest and maturity of deposits and guarantee of the redemption value of Preference shares.

Since December 2002, the Company ceased issuing preferred shares due to the revised legal regulatory framework applicable to the Parent.

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

2. Significant accounting policies

The financial statements of the Company are prepared in accordance with International Financial Reporting Standards ("IFRS") with significant policies applied below.

a) Recognition of revenues and expenses-

For accounting purposes, revenues and expenses are recorded in the accrual basis as they are earned or incurred.

b) Use of estimates-

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

c) Preference shares and assets due from Parent-

Preference shares and assets due from Parent are recognized at amortized cost, which represents the received amount, plus or minus the cumulative amortization using the effective interest rate of any difference between that initial amount and the maturity amount.

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument, considering all contractual terms of the financial instruments, transaction costs, and all other premiums or discounts.

Issuing preference shares, sometimes, involves incurring costs and commissions in relation with the offering. These fees and costs are considered transaction costs in calculating the effective interest rate.

d) Foreign currency transactions-

Assets and liabilities in foreign currencies have been translated to U.S. dollars at the year-end exchange rates.

Revenues and expenses in foreign currencies have been translated to U.S. dollars at the average exchange rates during the period in which they have been accrued.

e) Cash and cash equivalents-

For purposes of the statement of cash flows, the Company considers the demand deposits at Parent (Note 4) as cash and cash equivalents.

f) Income taxes-

No income taxes are levied on corporation by the Cayman Islands government and, therefore, no income tax income provision has been reflected in the accompanying financial statements.

g) Statement of Comprehensive Income-

Effective January 1, 2009, the Company adopted amendments to International Accounting Standard 1 *Presentation of Financial Statements (2007)* ("IAS 1"), which introduces non-mandatory terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. IAS 1 requires that all items of income and expense be presented either: in a single statement (a 'statement of comprehensive income'), or in two statements (a separate 'income statement' and 'statement of comprehensive income'). The Company has elected to present a single statement of comprehensive income. The Company does not have separate components of other comprehensive income; therefore, comprehensive income is equal to the profit/(loss) reported for all periods presented.

3. Risk Exposure

The use of financial instruments may involve the transfer of one or more types of risk. The risks associated with these financial instruments are:

- **Credit risk:** this is the risk that one of the parties to the financial instrument agreement will fail to honour its contractual obligations due to the insolvency or incapacity of the individuals or legal entities involved and will cause the other party to incur a financial loss.
- **Market risk:** these arise as a consequence of holding financial instruments whose value may be affected by changes in market conditions, following is a summary of each of the components:
 - i) **Fair value interest rate risk:** arises as a result of changes in market interest rates.
 - ii) **Currency risk:** arises as a result of changes in the exchange rate between currencies

The Company (integrated in BBVA Group) has developed a global risk management system based on three components: a corporate risk management structure, with segregated functions and responsibilities; a set of tools, circuits and procedures that make up the different risk management systems; and an internal control system.

CORPORATE MANAGEMENT STRUCTURE

The Board of Directors is the body responsible for setting risk policies. The Board hence establishes the *general principles defining the target risk profile for the BBVA Group. Likewise, it approves the infrastructure required for risk management, the delegation framework and the ceilings system that enables the business to develop and maintain this risk profile in day-to-day decision-making.*

The BBVA Group's risk management system is managed by an independent risk area ("the Risk Area"), which combines a view by risk types with a global view. The Risk Area assures that the risks tools, metrics, historical databases and information systems are in line and uniform. It likewise sets the procedures, circuits and general management criteria.

TOOLS, CIRCUITS AND PROCEDURES

The BBVA Group has implemented an integral risk management system designed to cater for the needs arising in relation to the various types of risk; this prompted it to equip the management processes for each risk with measurement tools for risk acceptance, assessment and monitoring and to define the appropriate circuits and procedures, which are reflected in manuals that also include management criteria.

Credit risk

The breakdown of the credit risk by financial instruments and geographical area is as follows:

	U.S. Dollars	
	2010	2009
Deposits at Parent (Spain)	669,569,820	721,668,570
	669,569,820	721,668,570

As of 31 December 2010 and 2009 there are not impaired assets.

Structural interest rate risk

The aim of on-balance-sheet interest rate risk management is to maintain the Company's exposure to market interest rate fluctuations at levels within its risk strategy and profile. For such compliance, the Assets-Liabilities Committee (the "ALCO") actively manages the balance sheet interest rate risk through transactions intended to optimize the level of risk assumed in relation to the expected results, thus enabling the Bank to comply with the tolerable risk limits.

The ALCO bases its activities on the interest rate risk measurements performed by the Risk Area. Acting as an independent unit, the Risk Area periodically quantifies the impact of interest rate fluctuations on the Group's net interest income and economic value.

The impact of interest rate fluctuations on the Company's net interest income is minimal since the interest rate fluctuations of the liabilities are offset with the interest rate fluctuations of the assets.

Structural currency risk

Structural currency risk derives mainly from exposure to exchange rate fluctuations arising in relation to the investments and from the issues financed in currencies other than the investment currency.

The impact of exchange rate fluctuations on the Company net interest is minimal since the exchange rate fluctuations of the liabilities are offset with the exchange rate fluctuations of the assets.

Capital risk

BBVA Group's capital management is performed at both regulatory and economic level.

Regulatory capital management is based on the analysis of the capital base and the capital ratios (core capital, Tier 1, etc.) using Basel ("BIS") and Bank of Spain criteria.

The aim is to achieve a capital structure that is as efficient as possible in terms of both cost and compliance with the requirements of regulators, ratings agencies and investors. Active capital management includes securitizations, sales of assets, and preferred and subordinated issues of equity and hybrid instruments.

The Group has obtained the approval of its internal model of capital estimation ("IRB") in 2008 for certain portfolios.

From an economic standpoint, capital management seeks to optimize value creation at the Group and at its different business units.

4. Assets due from Parent

The details relating to the balances of this caption in the accompanying balance sheets are as follows:

	U.S. Dollars		Interest Rate as of December 31	
	2010	2009	2010	2009
Deposit at Parent relating to 2002 Euros Series F Preference Shares (Note 5)	669,569,820	721,668,570	Euribor 3m	Euribor 3m
Demand deposits at Parent	3,463,754	3,684,769	-	-
	673,033,574	725,353,339		

The subordinated deposit relating to the 2002 Euro Series F Preference Shares is arranged in Euro, and the balance as of December 31, 2010 amounted to Euro 500,000,000 (500,000,000 in 2009). The Company and the Bank have agreed to an interest rate for the subordinated deposit relating to the 2002 Euros Series F Preference Shares, which shall be at least equal to the dividends to be paid on the Preference Shares on each dividend payment date. The interest rate from payment date to June 30, 2003 was established at an annual fixed rate of 3.943%. The interest rate from July 1, 2003 until December 31, 2007 was established at an annual variable rate of 3-month Euribor plus 0.02% (minimum 3.27% and maximum 6.52%). The interest rate from January 1, 2008 until maturity date was established at an annual variable rate of 3-month Euribor.

The interest income for 2010 and 2009 was U.S. \$ 4,971,437 and U.S. \$ 11,018,777, respectively and are recorded in the "Financial revenues" caption in the statement of comprehensive income for the years ended December 31, 2010 and 2009. Accrued interest from Deposits at Parent relating to 2002 Euro series F Preference Shares for 2010 and 2009 amounts to U.S. \$ 1,469,820 and U.S. \$ 1,368,570, respectively, and are recorded under the "Assets Due From Parent" caption in the balance sheets.

The Bank's obligations arising from the deposit mentioned above is subordinated to the general obligations of the Bank and rank *pari passu* to any Preference Shares issued by the Bank. The Company waives all rights of priority over the Bank's creditors that would otherwise be accorded to it.

The maturity dates of this deposit coincide with that of the related Preference Shares issued.

The demand deposits, which are in Euro, are non-interest bearing deposits.

5. Preference shares

Euros Issued Series F Preference Shares-

The Series F Preference Shares are divided into 5,000,000 shares, which have been fully paid, of a nominal or par value of Euro 0.01 and a share premium of Euro 99.99 each. These shares entitle the holders to receive non-cumulative preferential cash dividends, at an annual fixed rate of 3.943%. The interest rate from July 1, 2003 until December 31, 2007 was established at an annual variable rate of 3-month Euribor (minimum 3.25% and maximum 6.50%). The interest rate from January 1, 2008 until maturity date was established at an annual variable rate of 3 month Euribor. The dividends are payable quarterly, in arrears on April 1, July 1, October 1, and January 1, except for the first dividend payment, which took place on April 1, 2004.

The Series F Preference Shares were issued on December 12, 2002 and they are redeemable at the option of the Company, subject to the prior approval of the Bank and the Bank of Spain, in whole but not in part, at Euro 100 per share on any dividend payment date falling on or after December 17, 2007.

The aggregate amount of the Series F Preference Shares interim dividends paid during 2010 and 2009 was U.S. \$ 4,905,151 and U.S. \$ 10,949,037, respectively, and are recorded under the "Interest expense to Preference Shareholders" caption in the statements of comprehensive income for the years ended December 31, 2010 and 2009.

As of December 31, 2010 and 2009, there were accrued dividends for the Series F Preference Shares that increased to U.S. \$ 1,469,820 and U.S. \$ 1,368,570, respectively. These dividends were paid on January

1, 2011 and January 1, 2010, and are recorded under the "Preference Shares" caption in the balance sheets as of December 31, 2010 and 2009.

The payment of dividends and redemptions are guaranteed by the Bank.

However, the holders of Preference Shares are entitled to receive assets of the Company in the event of liquidation thereof and to collect dividends from the Company, with priority over the holder of the Ordinary Shares. However, the holder of the Ordinary Shares, unlike holders of Preference Shares, has voting rights, the right to attend to General Shareholder's meetings and preemptive subscription rights.

In the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Company, the aforementioned Preference Shares will confer an entitlement to receive out of the assets of the Company available for distribution to Shareholder, a liquidating distribution of an amount equal to the redemption value per Preference Share (par value plus share premium) plus an amount equal to accrued and unpaid dividends for the then current dividend period to the date of payment. Such entitlement will arise proportionally among the Preference Shares mentioned above before any distribution of assets is named to the holder of Ordinary Shares or any other class of shares of the Company, ranking junior as to participation in assets to the mentioned Preference Shares. Therefore, the Ordinary shareholder is entitled to any residual value remaining after holders of Preference Shares have received their redemption value in liquidation.

6. Fair value of financial instruments

As required by IAS 32 "Financial Instruments: Presentation" the Company presents estimated fair value information about financial instruments for which it is practicable to estimate that value.

Financial instruments fair value are measured using one of the following methods:

- Directly by reference to the quoted price of the financial instrument, which is observable and accessible from independent sources in active markets (Level 1). At December 31, 2010 and 2009, there were no financial instruments classified as Level 1 in the fair value hierarchy.
- Through valuation techniques the variables of which are obtained from observable market data (Level 2).
- Through valuation techniques that include variables not obtained from observable market data (Level 3). At December 31, 2010 and 2009, there were no financial instruments classified as Level 3 in the fair value hierarchy.

The actual carrying amounts and estimated fair values of the Company's financial instruments that are included in the balance sheets as of December 31, 2010 and 2009 are as follows:

	U.S. Dollars 2010		U.S. Dollars 2009	
	Carrying Amount	Fair Value (Level 2)*	Carrying Amount	Fair Value (Level 2)*
Deposit at Parent relating to 2002 Euros Series F Preference Shares	669,569,820	669,569,820	721,668,570	721,668,570
Demand deposits at Parent	3,463,754	3,463,754	3,684,769	3,684,769
	673,033,574	673,033,574	725,353,339	725,353,339

* Level 2: Measurement using valuation techniques the inputs for which are drawn from market observable data.

The following assumptions were used by the Company in estimating the fair value of the financial instruments for which it is practicable to estimate that value:

(1) Demand deposits at Parent

For these short-term instruments, the carrying amount is a reasonable estimate of fair value.

(2) Interest-bearing deposits at Parent

For the deposits maturing in over three months, the fair value represents the present value of estimated future cash flows discounted at the US \$ and Euro zero coupon curve interest rates, as applicable, as of December 31, 2010 and 2009.

The face value of the floating interest rate deposits and floating interest rate notes represents fair value as required by IAS 32.

7. Subsequent events

On February 17, 2011, the Company's Board of Directors amended the dividend terms of the Series F Preference Shares to be paid on July 1, 2011 onwards, applying a dividend rate of 3 month Euribor flat, subject to a floor of 3.50% per cent, per annum, without any cost to investors or any amendment to its actual rights.

8. Approval of the financial statements

The 2010 financial statements of the Company have not yet been approved by their shareholders at the respective Annual General Meetings. However, the Company's Board of Directors considers that the aforementioned financial statements will be approved without any changes.

BBVA International Limited

Director's report for the year ended December 31, 2010

During 2010, the Company did not issue any new Preference Shares.

The Issued Preference Shares are guaranteed by its sole Shareholder: BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

In view of the business activity carried on by the Company, it does not have any environment expense that might be material with respect to the Company's net worth.

The Company is managed by Group Banco Bilbao Vizcaya Argentaria personnel, and as a result of that, the Company does not have any personnel expenses.

Statement of comprehensive income

In 2010, the loss for the year amounted to \$ U.S. 220 thousand.

The financial revenues amounted to \$ U.S. 4,971 thousand and the interest expense amounted to thousand \$ U.S. 4,905 in 2010.

In addition, in 2010, the general and administrative expenses amounted to \$ U.S. 20 thousand.

Distribution of profit

The distribution of the Company's loss for the year ended 2010 that will be proposed by the Board of Directors to the sole shareholder is as follows:

	Thousand U.S. Dollars
Loss for the year	(220)
	(220)
Distribution to: Retained earnings	(220)
	(220)

Treasury shares

At 31 December 2010, the Company had no treasury shares or shares of its Parent, Banco Bilbao Vizcaya Argentaria, S.A. and had not performed any treasury share transactions during the year 2010.

Risk Exposure

The used of financial instruments may involve the transfer of one or more types of risk. The risks associated with theses financial instruments are:

- Credit risk: this is the risk that one of the parties to the financial instrument agreement will fail to honour its contractual obligations due to the insolvency or incapacity of the individuals or legal entities involved and will cause the other party to incur a financial loss.

- **Market risk:** these arise as a consequence of holding financial instruments whose value may be affected by changes in market conditions, following is a summary of each of the components:
 - i) **Fair value interest rate risk:** arises as a result of changes in market interest rates.
 - ii) **Currency risk:** arises as a result of changes in the exchange rate between currencies

The company (integrated in BBVA Group) has developed a global risk management system based on three components: a corporate risk management structure, with segregated functions and responsibilities; a set of tools, circuits and procedures that make up the different risk management systems; and an internal control system.

Research and development

The Company did not have any research and development expenses.

Subsequent events

On February 17, 2011, the Company's Board of Directors amended the dividend terms of the Series F Preference Shares to be paid on July 1, 2011 onwards, applying a dividend rate of 3 month Euribor flat, subject to a floor of 3.50%, per annum, without any cost to investors or any amendment to its actual rights.

Outlook

The Company will focus its strategy for the coming years, integrated on the strategy of the Group Banco Bilbao Vizcaya Argentaria, on managing the Issued Preference Shares.