BBVA International Limited
(a wholly owned subsidiary of
Banco Bilbao Vizcaya Argentaria, S.A.)

Financial Statements for the years ended
December 31, 2012, 2011 and 2010
with Independent Auditors’ Report
INDEPENDENT AUDITORS' REPORT

To the Board of Directors of 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.), which comprise the statements of financial position as of December 31, 2012, 2011 and 2010, the statements of comprehensive income, statements of changes in equity and cash flow statements for the years then ended, 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 audits. We conducted our audits 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 positions of BBVA International Limited (a wholly owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A.) as at December 31, 2012, 2011 and 2010, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to Notes 1 and 5 to the financial statements which describes that since the end of December 2002, the Company ceased issuing preference shares and is not planning to offer new issues. 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.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Miguel Angel Bailón
April 22, 2013
BBVA International Limited
(a wholly owned subsidiary of
Banco Bilbao Vizcaya Argentaria, S.A.)

Financial Statements for the years ended
December 31, 2012, 2011 and 2010
BBVA INTERNATIONAL LIMITED  
(a wholly owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A.)

STATEMENT OF FINANCIAL POSITION  
(Currency – U.S. Dollars)

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>2009(*)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents (Notes 2.e and 4)</td>
<td>3,385,895</td>
<td>3,336,573</td>
<td>3,463,754</td>
<td>3,684,769</td>
</tr>
<tr>
<td>Assets due from Parent (Notes 2.c and 4)</td>
<td>12,146,423</td>
<td>17,508,927</td>
<td>669,569,820</td>
<td>721,668,570</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>15,532,318</strong></td>
<td><strong>20,845,500</strong></td>
<td><strong>673,033,574</strong></td>
<td><strong>725,353,339</strong></td>
</tr>
<tr>
<td><strong>LIABILITIES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other accrual accounts</td>
<td>9,120</td>
<td>7,872</td>
<td>9,107</td>
<td>9,760</td>
</tr>
<tr>
<td>Preference shares (Notes 2.c and 5)</td>
<td>12,146,271</td>
<td>17,500,773</td>
<td>669,569,820</td>
<td>721,668,570</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>12,155,391</strong></td>
<td><strong>17,508,645</strong></td>
<td><strong>669,578,927</strong></td>
<td><strong>721,678,330</strong></td>
</tr>
<tr>
<td><strong>SHAREHOLDER’S EQUITY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary shares</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>3,375,927</td>
<td>3,335,855</td>
<td>3,453,647</td>
<td>3,674,009</td>
</tr>
<tr>
<td><strong>Total liabilities and shareholder’s equity</strong></td>
<td><strong>15,532,318</strong></td>
<td><strong>20,845,500</strong></td>
<td><strong>673,033,574</strong></td>
<td><strong>725,353,339</strong></td>
</tr>
</tbody>
</table>

(*) Presented for comparison purposes only.

The accompanying notes 1 to 8 are an integral part of these financial statements.
BBVA INTERNATIONAL LIMITED  
(a wholly owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A.)

STATEMENT OF COMPREHENSIVE INCOME  
(Currency – U.S. Dollars)

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>2009(*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial revenues (Note 4)</td>
<td>411,016</td>
<td>20,065,539</td>
<td>4,971,437</td>
<td>11,018,777</td>
</tr>
<tr>
<td>Net (losses)/gains arisen from foreign currency transactions (Note 2.d)</td>
<td>63,358</td>
<td>(108,897)</td>
<td>(266,593)</td>
<td>66,142</td>
</tr>
<tr>
<td>Interest expense to preference shareholders (Note 5)</td>
<td>(425,241)</td>
<td>(20,039,327)</td>
<td>(4,905,151)</td>
<td>(10,949,037)</td>
</tr>
<tr>
<td>Financial margin</td>
<td>49,133</td>
<td>(82,685)</td>
<td>(200,307)</td>
<td>135,882</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>(9,061)</td>
<td>(35,107)</td>
<td>(20,055)</td>
<td>(24,196)</td>
</tr>
<tr>
<td>Net income/(loss)</td>
<td>40,072</td>
<td>(117,792)</td>
<td>(220,362)</td>
<td>111,686</td>
</tr>
<tr>
<td>Incomes/(losses) per common share</td>
<td>40</td>
<td>(118)</td>
<td>(220)</td>
<td>112</td>
</tr>
<tr>
<td>Average number of common shares outstanding</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
</tr>
</tbody>
</table>

(*) Presented for comparison purposes only.

The accompanying notes 1 to 8 are an integral part of these financial statements.
## Statement of Changes in Shareholder's Equity

For the years ended December 31, 2012, 2011 and 2010

(Currency – U.S. Dollars)

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>2009(*)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of authorized and issued ordinary shares</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at beginning and at the end of the year</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Par value per share**&lt;br&gt;Ordinary Shares (U.S.$)</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Ordinary Shares</strong>&lt;br&gt;Balance at beginning and the end of the year</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>Retained earnings</strong>&lt;br&gt;Balance at beginning of the year</td>
<td>3,335,855</td>
<td>3,453,647</td>
<td>3,674,009</td>
<td>3,562,323</td>
</tr>
<tr>
<td>Net income/(loss) for the year</td>
<td>40,072</td>
<td>(117,792)</td>
<td>(220,362)</td>
<td>111,686</td>
</tr>
<tr>
<td><strong>Balance at end of the year</strong></td>
<td>3,375,927</td>
<td>3,335,855</td>
<td>3,453,647</td>
<td>3,674,009</td>
</tr>
<tr>
<td><strong>Shareholder’s Equity, end of the year</strong></td>
<td>3,375,927</td>
<td>3,336,855</td>
<td>3,454,647</td>
<td>3,675,009</td>
</tr>
</tbody>
</table>

(*) Presented for comparison purposes only.

The accompanying notes 1 to 8 are an integral part of these financial statements.
**BBVA INTERNATIONAL LIMITED**  
(a wholly owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A.)

**STATEMENT OF CASH FLOWS**  
(Currency – U.S. Dollars)

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>2009(*)</th>
</tr>
</thead>
</table>
| **CASH FLOW FROM OPERATING ACTIVITIES:**  
Net income/(loss) for the year | 40,072 | (117,792) | (220,362) | 111,686 |
| **ADJUSTMENTS TO RECONCILE NET LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES**  
Net increase in other accrual accounts | 73     | 60      | 48        | 593     |
| Net cash (used in) operating activities | 40,145 | (117,732) | (220,314) | 112,279 |
| **CASH FLOW FROM INVESTING ACTIVITIES:**  
(Decrease) / increase in assets due from with Parent (Note 4) | 5,707,570 | 630,864,570 | (200,430) | 7,886,232 |
| Net cash (provided by) used in investing activities | 5,707,570 | 630,864,570 | (200,430) | 7,886,232 |
| **CASH FLOW FROM FINANCING ACTIVITIES:**  
Decrease / (increase) in Preference Shares (Note 5) | (5,699,407) | (630,872,723) | 200,430 | (7,816,646) |
| Net cash (used in) / provided by financing activities | (5,699,407) | (630,872,723) | 200,430 | (7,816,646) |
| Increase / (decrease) in cash and cash equivalents | 48,307 | (125,885) | (220,314) | 181,865 |
| Effect of currency translations | 1,015 | (1,294) | (701) | (584,590) |
| Cash and cash equivalents at the beginning of the year | 3,336,573 | 3,463,754 | 3,684,769 | 4,087,494 |
| **Cash and cash equivalents at the end of the year (Note 4)** | 3,385,895 | 3,336,573 | 3,463,754 | 3,684,769 |

(*) Presented for comparison purposes only.

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

(a wholly owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A.)

Notes to the financial statements
For the years ended December 31, 2012, 2011 and 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 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 preference shares due to the revised legal regulatory framework applicable to the Parent.

The preference shares are registered 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-IASB”) with significant policies applied below.

a) Recognition of revenues and expenses-

For accounting purposes, revenues and expenses are recorded on an 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) **Impairment of (financial) assets**

The Company determines at each reporting period whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are recognized if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets and prior to the balance sheet date ("a loss event") and that event adversely impacts estimated future cash flows of the financial asset.

When the estimates used to determine the recoverable amount have changed since the last time an impairment loss was recognised and these changes then results in an increase of the recoverable amount such an increase represents a reversal of some of the impairment losses in the statement of comprehensive income.

During 2012, 2011 and 2010, the Company did not recognize any impairment of financial assets. The Company’s total assets are held with Banco Bilbao Vizcaya Argentaria, S.A. the sole shareholder of the Company.

e) **Recognition and derecognition**

Financial assets and liabilities are recognized when they are acquired or funded by the Company and derecognized when settled.

f) **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.

g) **Cash and cash equivalents**

Cash and cash equivalents represent all highly liquid instrument with a maturity of three months or less when acquired or generated.

h) **Income taxes**

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

i) **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 statements of financial position presented.

j) **Related party transactions**

The Company is a wholly-owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A. and enters into transactions with related parties in the normal course of business. This includes amongst others cash deposits agreements. All the outstanding amounts have been disclosed in the notes to each separate account balance when applicable.

No remuneration is paid by the Company to the managing directors as they are not employed by The Company. Remuneration to the managing directors of The Company are paid by the Parent Company.
k) Adoption of New and Revised International Financial Reporting Standards ("IFRS") and Interpretations-

In the current period, the Company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IAS that are relevant to its operations and effective for accounting periods beginning on or after January 1, 2012. The adoption of these new and revised Standards and Interpretations has not resulted in major changes to the Company's records.

Mandatory Standards, amendments and Interpretations

Standards, amendments and Interpretations to existing standards that became mandatory for the first time for the 2012 financial statements:

The following modifications to the IFRS or their interpretations (hereinafter "IFRIC") came into force in 2012. Their integration in the Company has not had a significant impact on these financial statements:

- Amended IFRS 7 – "Disclosures – Transfer of financial assets".
- Amended IAS 12 – "Income Taxes – Deferred Tax: recovery of underlying assets".
- IAS 24 – "Revised definition of related parties".

Future changes in accounting policies: IFRS standards not yet effective.

Some accounting policies and amendments have been published by the IASB as of December 31, 2012. Some have been adopted and others have not yet been adopted by the European Union.

New International Financial Reporting standards together with their interpretations (IFRIC) has been published at the date of close of these financial statements. These were not obligatory as of December 31, 2012. Although in some cases the IASB permits early adoption before they enter into force, the Company and the Group has not done so as of this date. The future impacts that the adoption of these standards could have not been analysed to the date, however future effects from the adoption of these standards could have not material effects.

- IFRS 9 - "Financial instruments - classification and measurement".
- IFRS 10 – "Consolidated financial statements".
- IFRS 11 - "Joint arrangements".
- IFRS 12 - "Disclosure of interests in other entities".
- IFRS 13 - "Fair value measurement".
- Amended IAS 1 – "Presentation of financial statements".
- Amended IAS 19 – "Employee benefits".
- Amended IAS 32 – "Financial Instruments: Presentation".
- Amended IFRS 7 – "Financial Instruments: Information to be disclosed".
- IAS 27 – "Consolidated and separate financial statements" and IAS 28 – "Investments in associates and joint ventures".

Additionally, fourth IFRS Annual Improvements project introduces small modifications and clarifications to IAS 1 - Presentation of financial statements, IAS 16 – Property, plant and equipment, IAS 32 – Financial instruments: presentation and IAS 34 -Interim financial reporting. The modifications will be applicable retrospectively to the accounting years starting on or after January 1, 2013.
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. The 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.

- Counterparty risk: since the counter party of the deposits is Banco Bilbao Vizcaya Argentaria, S.A. the Company considers that its exposure to counter party is not relevant.

- Liquidity risk: the Company obtains the liquidity required to meet interest payments, redemption of issues and the needs of its business activities from subordinated deposits on the issues arranged with Banco Bilbao Vizcaya Argentaria, S.A.or the credit facility maintained by its sole shareholder.

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 (the "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 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 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:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>2009 (*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits at Parent (Spain)</td>
<td>12,146,423</td>
<td>17,508,927</td>
<td>669,569,820</td>
<td>721,668,570</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12,146,423</strong></td>
<td><strong>17,508,927</strong></td>
<td><strong>669,569,820</strong></td>
<td><strong>721,668,570</strong></td>
</tr>
</tbody>
</table>

(*) Presented for comparison purposes only.

As of December 31, 2012, 2011, 2010 and 2009 there were no impaired assets.

Structural interest rate risk

The aim of statement of financial position 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 statement of financial position interest rate risk through transactions intended to optimize the level of risk assumed in relation to the expected results, thus enabling the Company 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 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 statement of financial position is as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>F Preference Shares</td>
<td>12,146,423</td>
<td>17,508,927</td>
<td>669,569,820</td>
<td>721,668,570</td>
<td></td>
</tr>
<tr>
<td>Demand deposits at Parent</td>
<td>3,385,895</td>
<td>3,336,573</td>
<td>3,463,754</td>
<td>3,684,769</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15,532,318</strong></td>
<td><strong>20,845,500</strong></td>
<td><strong>673,033,574</strong></td>
<td><strong>725,353,339</strong></td>
<td></td>
</tr>
</tbody>
</table>

(*) Presented for comparison purposes only.

The subordinated deposit relating to the 2002 Euro Series F Preference Shares is arranged in Euro, and the balance as of December 31, 2012 amounted to EUR 9,125,600, U.S. $ 12,040,317, (EUR 9,125,600, U.S. $ 11,807,814 in 2011 and EUR 500,000,000, U.S. $ 568,100,000, in 2010 and EUR 500,000,000, US $ 720,300,000, 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.
On February 23, 2011, the Company made an amendment on the subordinated deposit agreement which took place on December 12, 2002, where the interest rate is modified. The Deposit shall bear interest from (and including) April 1, 2011, and onwards, 3 month EURIBOR plus 0.5 basis points, subject to a floor of 3.505% per annum, being the first payment subject to a floor of 3.505% on July 1, 2011.


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 creditor that would otherwise be accorded to it.

The maturity date of this deposit links to 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 91,256 shares during 2012 and into 5,000,000 shares during the year 2011 until December 30, 2011, and thereafter 91,256 shares after the partial repayment explained below. The Series F Preference Shares are divided into 5,000,000 shares during the years 2010 and 2009. All preference shares 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. The interest rate from the issue date until 30 June 2003 was an annual fixed rate of 3.943%. The interest rate from July 1, 2003 until December 31, 2007 was established at an annual variables rate of 3 month Euribor (minimum 3.25% and maximum 6.50%). The interest rate from January 1, 2008 until 31 March 2011 was established at an annual variable rate of 3 month Euribor. The interest rate from April 1, 2011 until maturity was established at an annual variable rate of 3 month Euribor with a minimum of 3.50%. 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 July 1, 2003.

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 Board of Directors of the Parent, in the meeting held on November 22, 2011, established, by virtue of the authorization conferred by the Annual General Meeting held on March 14, 2008, the issue of subordinated liabilities mandatorily convertible into ordinary shares of new issue of the Parent (the "Issue", or "Subordinated Bonds Mandatorily Convertible" or the "Bonds") for a maximum amount of EUR 3,475,000 thousand. The "Issue" is at par, that is, to say, at 100% of the "Bonds" face value, which amounts up to EUR 100, and the annual remuneration of each "Bond" would be of 8.5% above their face value (quarterly settlements). The operation becomes public on November 25, 2011 through the corresponding leaflet.

This issue excluded the preferential subscription right since it was exclusively destined to holders of Preference Shares issued by BBVA Capital Finance S.A (Unipersonal) (series A, B, C and D) and BBVA International Limited (series F) all of them guaranteed by the Parent, which accepted the purchase offer of such preferred securities by BBVA.

Therefore, the holders accepting the purchase offer would subscribe a face value of "Subordinated Bonds Mandatorily Convertible" equivalent to 100% of the face value or effective of the preferred securities which would be purchased by BBVA.

As of December 31, 2011, the purchase offer of preferred securities and the "Bonds" subscription have been carried out by BBVA International Limited through a single payment on December 28, 2011, which amounted to EUR 490,874,400 (U.S. $ 635,142,594), decreasing in the same amount the Company issues.


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

In connection with the disclosure of the fair value of the aforementioned instruments in the notes to the financial statements, it should be noted that, although the instruments issued by the Company could have a quoted price listed on a stock market (which, for these purposes, would be the best benchmark for fair value), given the current economic situation, the stock market in question could not meet the requirements for it to be considered an active market by reference to which the fair value of the aforementioned financial instruments could be determined. Since, on the other hand, there is a variety of valuation techniques applicable, the fair value of said instruments is not included.

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

7. Subsequent events

On January 2, 2013, a dividend was paid for F-series preference shares, of 3.50% per share, which was approved by the Company’s board of directors.

8. Approval of the financial statements

The Board of Directors prepared the 2012 financial statements as of April, 15, 2013.

The 2012 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.

The BBVA Group’s consolidated financial statements for 2012 were approved at the Annual Shareholder’s General meeting held on March 15, 2013 and were subsequently filed at the Mercantile Registry in Bilbao.
BBVA International Limited
(a wholly owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A.)

Directors’ report for the year ended December 31, 2012

During 2012, the Company didn’t issue any 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 Parent’s personnel, and as a result of that, the Company does not have any personnel expenses.

Statement of comprehensive income

In 2012, the income for the year amounted to $ U.S. 40,072.

The financial revenues amounted to $ U.S. 411,016, the net gains arisen from foreign currency transactions amounted to $ U.S. 63,358 and the interest expense amounted to $ U.S. 425,241 in 2012.

In addition, in 2012, the general and administrative expenses amounted to $ U.S. 9,081.

Distribution of result

The distribution of the Company’s income for the year ended 2012 that will be proposed by the Board of Directors to the sole shareholder is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Thousand U.S. Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income for the year</td>
<td>40</td>
</tr>
<tr>
<td>Distribution to:</td>
<td>40</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>40</td>
</tr>
</tbody>
</table>

Treasury shares

At December 31, 2012, 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 2012.
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: this arises 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.

- Counterparty risk: since the counter party of the deposits is Banco Bilbao Vizcaya Argentaria, S.A. the Company considers that its exposure to counter party is not relevant.

- Liquidity risk: the Company obtains the liquidity required to meet interest payments, redemption of issues and the needs of its business activities from subordinated deposits on the issues arranged with Banco Bilbao Vizcaya Argentaria, S.A. or the credit facility maintained by its sole shareholder.

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 January 2, 2013, a dividend was paid for F-series preference shares, of 3.50% per share, which was approved by the Company’s board of directors.

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.
DECLARATION OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL REPORT

The members of the BBVA International Ltd Board of Directors hereby declare that, insofar as they know, the annual financial statements for 2012, filed at the meeting 19 April 2013, drawn up under the applicable accounting standards, offer a faithful image of the net assets, financial situation and results of BBVA International Limited, and that the management reports include a faithful analysis of the business earnings and the positions of BBVA International Ltd, along with the description of the main risks and uncertainties facing them.

Madrid, 19 April 2013

SIGNED BY ALL MEMBERS OF THE BOARD