

BBVA International Limited

Interim management report for the half year ending 30th June 2012

During the first half of 2012, the Company has not made any new preference-share issue.

The Company has its issues secured by its sole shareholder, BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

Given its activity, the Company does not incur environment-related costs.

Nor does the Company incur personnel costs, since it does not employ a staff. The Company is managed by personnel from the BANCO BILBAO VIZCAYA ARGENTARIA, S.A. Group.

Given its activity, the Company does not incur research and development costs.

Treasury shares

At 30 June 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 transaction in the first half-year 2012.

Risk Exposure

Activity with financial instruments may entail the financial institution accepting or transferring 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.
- c) 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.
- d) 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 (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.

Important events occurring after closing the half-year accounts

On 2d July 2012, a dividend was paid for F-series preference securities, of 3.50% per share, which was approved by the Company board of directors, on 13th March 2012.