

Global Weekly Flash

Madrid, 25 January 2013
Economic Analysis

Financial Scenarios

Cristina Varela Donoso
cvarela@bbva.com
+34 91 537 7825

Javier Amador Díaz
javier.amadord@bbva.com
+34 91 374 31 61

María Martínez Álvarez
maria.martinez.alvarez@bbva.com
+34 91 537 66 83

Alejandro Neut
robertoalejandro.neut@bbva.com

Ignacio Santiago Llorente
i.santiago.llorente@bbva.com
+34 91 537 76 80

Indicators collaboration:

Europe
Agustín García
agustin.garcia@bbva.com
+34 537 79 36

US
Alejandro Vargas
alejandro.vargas@bbvacompass.com
+1 713 831 7348

Asia
Fielding Chen
fielding.chen@bbva.com.hk
+852 2582 3297

Strong LTRO repayments help maintain positive market mood

Risk-on mood gathers momentum. European banks repaid a larger than expected fraction of the first long-term refinancing operation. At the same time, Ireland and Portugal (European programme countries) have taken first steps to return to debt markets. However, the improvement of market sentiment is also reflection of a more upbeat global outlook with highly supportive central banks. Risky assets continue their upward trend, while safe-haven assets registered net outflows. The euro jumped up against the dollar after today's large LTRO repayments, which reduced ECB's balance sheet at a time when other central banks are increasing theirs.

- **Focus on European banks' ECB 3Y loan early repayments**

- Today, the ECB announced that 278 banks in the eurozone will advance a EUR 137.2bn repayment of the first 3Y-LTRO (long term refinancing operation). This amount represents 28% of the funds allotted to 523 banks during the operation held on December 21st, 2011. The amount has beaten analysts' expectations, which were mostly centered within a range of EUR 100 bn and EUR 200 bn repayment during the first quarter of this year. Repayment for the second 3Y-LTRO is possible starting February 27th, 2013. Last year, the ECB lent EUR 1.1 tn to European banks, in an action to avert a credit crunch and the potential for severe distress. Banks have the option to advance repayments of these loans once a week, and every week until the LTRO matures. How repayments would be communicated was not very clear until today, but we now know that the ECB will release the amounts repaid and the number of counterparties involved on a weekly basis (each Friday) but will not release the name of the banks. Future repayments will strongly depend on market situation.

- **European programme countries came back to debt markets**

- Strong inflows into debt markets are facilitating the return of European countries under the economic programme. This week, Portugal successfully sold EUR 2.5bn in a 5Y bond. The demand for Portuguese syndicate retap was stronger than expected, with a very robust presence of overseas investors. Previously, Ireland raised money through a syndicated tap of its 2017 Treasury bond. Although both countries had tested investors' appetite for their sovereign debt (bills or bond swaps), these syndicated taps can be seen as the first signs of a proper return to markets of "programme countries". If the return of Portugal or Ireland to debt markets gathers momentum, they could become eligible for the European Central Bank's outright monetary policy transaction. In that vein, the Vice-president of the European Commission Olli Rehn said that "the option of combining a precautionary program with the ECB's Outright Monetary Transactions (OMT) is something that should not be ruled out, and is one option that should be considered as a way of smoothing the way for a successful return to market financing...". Spain has been also successful in continuing to cover its financial needs in debt markets. This week, the Spanish Treasury raised EUR 2.8bn in T bills and EUR 7bn in a 10Y bond through a syndicated tap. It has sold EUR 27bn in government debt this month, which compares favourably with the EUR24bn sold in January 2012.

- Expectations regarding this week's Eurogroup/ECOFIN meetings were not high from the start. The Eurogroup focused on Cyprus financial assistance programs - with a final decision expected by March. At the same time, Eurozone finance ministers committed to help with Ireland and Portugal's return to market financing. Ministers also reviewed progress made by experts designing a future ESM instrument for direct bank recapitalization; but a final decision is still pending. Finally, the ECOFIN decided to authorize 11 member states to proceed with the introduction of a financial transaction tax (FTT) through "enhanced cooperation". The 11 countries are Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia.
- In the US, the House passed a 3M debt ceiling extension, but markets reaction was mute. The next relevant deadline is February 28, when Congress will discuss military and domestic program spending cuts.

- **Central Banks' activism jumps to the rescue of wanting fiscal policies: a new global paradigm?**

- Monetary activism is gaining momentum. Bank of Japan set a 2 percent inflation target (up from 1%) and Japan's Prime Minister Shinzo Abe declared a "monetary regime change". Incoming BoE governor Mark Carney suggested targeting nominal GDP: "If yet further stimulus were required, the policy framework itself would likely have to be changed". Such actions are triggering renewed concerns on currency wars, an issue that will be probably addressed in the coming G20 meeting.
- We expect that January 30th FOMC meeting will signal potential increases in the volume of purchases per month, as a way to counteract any economic shortcomings from Congress "Grand Bargain". In that vein, we do not expect any sign of relief in the next two FOMC meetings, as debt ceiling negotiations will continue to impart uncertainty on the economic outlook until March.

- **The better global outlook is reinforced by recent China and Euro Area PMI data. Germany gathers momentum.**

- In China, HSBC/Markit flash manufacturing PMI climbed to 51.9 in January, a rise from its final reading of 51.5 in December. This is the highest level since February 2011 and the third consecutive month above the expansionary threshold of 50. The preliminary outturn is in line with other recent activity indicators, such as fourth quarter GDP which rose by a better-than-expected 7.9% y/y. This suggests that the underlying growth momentum in China's manufacturing sector is firm. The official PMI number will be released on February 1st.
- There are some encouraging news from the eurozone this week, as services and manufacturing output contracted at a slower pace than expected. The markit composite, despite still signalling contraction, improved in December. In particular, the PMI composite reached a ten-month high (48.2 in January, one point more than in December), (BBVA Research: 47.9; Consensus: 47.5), suggesting that economic recession is easing in Europe. Since October, both manufacturing PMI (47.5; +1.4 points higher than in December) and services PMI (48.3; +0.5p.) show signs of improvement, although both remain in the "recession zone". Within the PMI, the fall in new orders slowed down and business expectations are recovering. These data heighten this week optimism, also fed by the advanced indicator of consumer confidence, which surprised on the upside: -23.9 and rising 2.4 points since December. Meanwhile, PMIs in the eurozone highlight an increasing divergence between France and Germany. In Europe's largest economy, the PMI indicator replicated the positive surprise of the ZEW Economic Sentiment published last Tuesday: it jumped from 6.9 to 35.1 in December and reached its maximum of recent months. Services continue to grow, climbing 3.3 points up to 55.3 (BBVA Research: 52.1; Consensus: 51.7), suggesting that domestic demand

remains robust. Moreover, Germany's business confidence (IFO) improved more than expected in January. In particular, business climate rose more than expected: from 102.4 in December to 104.2 in January. Unlike Germany, France continues to suffer a more severe slowdown since the beginning of 2009. France's manufacturing indicator dropped from 44.6 in December to 42.9 in January (both BBVA Research and Consensus: 44.8). Despite this divergence between countries, data are in line with our forecasts and the eurozone should come out of recession during the first half of the year.

- In the US, December sales of existing homes unexpectedly dropped, restrained by a 10 years low in the supply of properties: purchases fell 1% to an accumulated 4.94 million homes by the end of 2012. Meanwhile, claims for jobless benefits unexpectedly dropped to a five year low, decreasing by 5,000 to 330,000 in the week ending Jan. 19: the lowest level since mid January 2008.
- As for Latam, Brazil's inflation data contributed to current concerns about domestic prices, triggering the announcement of deeper and sooner than previously indicated cuts in electricity tariffs. The IPCA-15 for January, which measures inflation from mid-December to mid-January, reached 6.0%YoY (0.9%MoM), revealing that inflation continues to rise. In Mexico, November retail sales expanded less than we expected, but in line with positive growth by year-end: 1.09% MoM and lower than our forecast (BBVAe 1.5% in sa series).
- The IMF cut its global growth forecasts, although it said that global growth will strengthen gradually in 2013, as the constraints on economic activity start to ease this year. The institution projects that the world economy will expand 3.5% this year, less than the 3.6% forecasted in October. It also downgraded its near-term forecast for the euro area, with the region now expected to contract slightly in 2013. The institution expects the euro area to shrink 0.2% in 2013, instead of the 0.2% growth forecasted in October.

Next week: In the US, there is FOMC meeting and several economic indicators will be released: 4Q GDP figures and payrolls, ISM manufacturing and consumer confidence indexes, for January. In the eurozone, January consumer confidence index will be also released. As for Spain, GDP for the last quarter of 2012 will be announced and the IMF will meet with Spanish officials to discuss banking reform. Italy will be having a busy auction week.

Calendar: Indicators

Eurozone: Flash HICP inflation (January, February 1st)

Forecast: 2.0% y/y	Consensus: 2.3 y/y	Previous: 2.2% y/y
--------------------	--------------------	--------------------

Inflation continues to decelerate. Headline inflation is expected to decline in January by 0.2pp to 2.0% y/y, due again to lower increases in energy prices, while core inflation is set to remain stable at 1.6% y/y. However, as every year, in January the weights of HICP components are recalculated, so the uncertainty of this month's forecast is larger than usual. Looking forward, inflation is likely to slow further and more rapidly up to April as a result of a significant base effect in energy prices, such that it could fall below the ECB's target during the first quarter of the year. Thereafter, headline inflation could increase slightly again but would hover around 1.6% y/y during the second half of the year. Core inflation is likely to remain more stable, fluctuating around the current rates all along this year.

Eurozone: Unemployment rate (December, February 1st)

Forecast: 11.9%	Consensus: 11.9%	Previous: 11.8%
-----------------	------------------	-----------------

The slow increase of unemployment continued at the end of 2012. We expect the unemployment rate to have stepped up in December to 11.9% from 11.8% in the previous month driven by the recession by year end. As a result, the unemployment rate had cumulated an increase of 1.2pp over 2012, thus continuing the upward trend observed since mid-2011 (+2pp). Nonetheless, the very gradual recovery expected over the first half of the year combined with the recent improvement in business confidence is likely to put a break on this in coming months. In contrast, confidence surveys showed mixed signals on labour market performance, as hiring intentions improved mildly by end-2012, but declined again at the beginning of 2013, as firms are likely to wait until recovery consolidates before hiring again.

US: GDP 4Q Advanced (4Q12, January 30th)

Forecast: 1.5%	Consensus: 1.3%	Previous: 3.1%
----------------	-----------------	----------------

Although the recovery is gaining traction and 3Q GDP figures surprised to the upside, the 4Q12 advanced GDP reading is expected to show markedly slower growth due to prevailing headwinds. While construction and the housing market have shown significant improvement in regards to the contribution to GDP, fourth quarter indicators don't convey that same strength in other key sectors. Early estimates put industrial production and consumption below their 3Q12 averages and there is little evidence pointing toward December figures that would pull up the average dramatically. International trade also shows little sign of aiding the figure, with the deficit widening to a 7-month high as exports struggle to offset gains in imports. In addition, Hurricane Sandy and the fiscal cliff debacle most likely put precipitous pressure on 4Q12 GDP. Therefore, we expect the advanced estimate to be closer to 2Q12 as the early figures suggest similar growth.

US: Nonfarm Payrolls & Unemployment Rate (January, February 1st)

Forecast: 162K, 7.7%	Consensus: 160K, 7.8%	Previous: 155K, 7.8%
----------------------	-----------------------	----------------------

Nonfarm payrolls are expected to increase in January at a similar pace as in the past few months. Job growth decelerated only slightly in December, closing out the fourth quarter at a slower monthly average pace compared to 3Q12. In January, now that the fiscal cliff limelight has faded and firms have a better grasp on costs, employers may be more inclined to begin hiring for positions they were hesitant to fill before the new year. Initial jobless claims for the month thus far are slightly lower than December's average, though the indicator does not always directly translate to employment growth or a decline in the unemployment rate. Industrial production and manufacturing were on the rise in December with the ISM entering into expansionary territory, although recent surveys show some slowdowns for the sector in January. This could weigh slightly on payroll growth, but we expect growing strength in other sectors to offset this drag.

China: PMI (January, February 1st)

Forecast: 50.5	Consensus: n/a	Previous: 50.6
----------------	----------------	----------------

Official PMI from the National Bureau of Statistics is expected to remain above the +50 expansion threshold for a fourth consecutive month in January, as growth momentum continues to improve. That said, we expect the outturn to remain broadly flat from its December level on seasonal effects ahead of the Chinese New Year that begins on February 10. The January flash HSBC/Markit PMI estimate released on January 24 of 51.9 rose to its highest level in 22 months. The next significant batch of monthly activity indicators, including industrial production, investment, and retail sales will be released on March 9, as the authorities prefer to release January and February data together to eliminate seasonal distortions from the Chinese New Year (which occurred in January last year).

Markets Data

			Close	Weekly change	Monthly change	Annual change
Interest rates (changes in bps)	US	3-month Libor rate	0.30	0	-1	-26
		2-yr yield	0.24	-2	0	2
		10-yr yield	1.89	-1	19	3
	EMU	3-month Euribor rate	0.20	0	1	-104
		2-yr yield	0.11	3	16	-4
		10-yr yield	1.56	3	23	-20
Exchange rates (changes in %)	Europe	Dollar-Euro	1.327	1.6	1.5	4.7
		Pound-Euro	0.82	1.2	1.7	-0.6
		Swiss Franc-Euro	1.22	0.6	0.4	0.7
	America	Argentina (peso-dollar)	4.94	0.3	1.4	14.5
		Brazil (real-dollar)	2.03	0.1	-1.8	13.9
		Colombia (peso-dollar)	1763	-0.5	-1.8	-4.2
		Chile (peso-dollar)	472	-0.4	-0.6	-6.3
		Mexico (peso-dollar)	12.63	-0.9	-0.9	-7.2
		Peru (Nuevo sol-dollar)	2.55	0.2	-0.6	-5.3
		Asia	Japan (Yen-Dollar)	89.00	1.0	6.9
	Korea (KRW-Dollar)	1054.69	-0.8	-1.9	-8.2	
	Australia (AUD-Dollar)	1.057	0.9	0.1	2.4	
	Comm. (chg %)	Brent oil (\$/b)	110.4	-0.8	0.8	0.0
Gold (\$/ounce)		1668.0	0.7	-2.6	1.8	
Base metals		532.5	0.4	1.3	1.0	
Stock markets (changes in %)	Euro	Ibex 35	8648	2.5	8.3	2.3
		EuroStoxx 50	2714	0.2	3.2	16.1
	America	USA (S&P 500)	1472	0.4	3.1	14.2
		Argentina (Merval)	3114	3.9	19.3	13.1
		Brazil (Bovespa)	61476	-1.7	3.4	3.9
		Colombia (IGBC)	14740	-0.7	0.8	12.3
		Chile (IGPA)	21760	1.4	5.0	7.3
		Mexico (CPI)	44860	0.7	3.9	22.7
		Peru (General Lima)	21902	3.2	8.0	7.0
	Venezuela (IBC)	474003	0.5	1.6	302.7	
	Asia	Nikkei225	10802	1.1	12.7	27.1
HSI		23264	-0.3	3.4	21.1	
Credit (changes in bps)	Ind.	Itraxx Main	103	-1	-11	-69
		Itraxx Xover	424	-5	-39	-303
	Sovereign risk	CDS Germany	42	2	8	-62
		CDS Portugal	386	6	-76	-703
		CDS Spain	247	-22	-46	-161
		CDS USA	41	2	3	--
		CDS Emerging	214	20	3	-98
		CDS Argentina	1705	300	193	817
		CDS Brazil	110	8	2	-51
		CDS Colombia	96	5	1	-59
		CDS Chile	68	1	-5	-61
		CDS Mexico	96	5	2	-57
		CDS Peru	93	3	-1	-90

Source: Bloomberg and Datastream

Weekly Publications

Country	Date	Description
EMU	01/24/2013	▶ Europe Flash: Eurozone PMIs continue to improve Germany leads the way, standing in the growth zone
Spain	01/24/2013	▶ Flash España: EPA del cuarto trimestre de 2012: continúa el ajuste del mercado de trabajo La evolución del mercado laboral durante el 4T12 debe ser valorada negativamente.
	01/21/2013	▶ Flash España: Balanza comercial de noviembre 2012 El déficit de la balanza comercial en el acumulado a 12 meses de noviembre se reduce con respecto al acumulado a 12 meses del mes anterior, situándose en los 34 miles de millones de euros.
US	01/21/2013	▶ U.S. Economic Flash. Small Business Quarterly Demand for credit rebounds but tight supply weighs on small business activity.
	01/21/2013	▶ U.S. Weekly Flash. Core inflation remains soft as headline prices are unchanged The consumer price index remained unchanged in December after falling 0.3% in November (Spanish version)
Latam	01/24/2013	▶ Latam Daily Flash: "Inflation triggers larger tariff cuts in Brazil; Minister Cardenas sees a 25bp cut at BanRep meeting"
	01/23/2013	▶ Latam Daily Flash: Annual Borrowing Plan for 2013 and Economic Analysts Survey in Mexico
	01/22/2013	▶ Latam Daily Flash: Unemployment rate decreased slowly in December in Mexico
	01/21/2013	▶ Latam Daily Flash: Banxico leaves rate at 4.5% but communiqué turns dovish; Peru raises pension fund foreign portfolio limit
Brasil	01/24/2013	▶ Brazil Flash: "Monetary policy minutes: a more hawkish tone, still in line with the stability of monetary conditions" In the monetary policy minutes released today, the COPOM recognizes that the balance of risks for inflation has deteriorated, especially in the short-term (Spanish version)
	01/23/2013	▶ Brazil Flash: "Concerns on rising inflation reinforced by IPCA-15 figures" The IPCA-15 for January, which measures inflation from mid-December to mid-January, reached 6.02% YoY (0.88% MoM) (Spanish version)
Chile	01/21/2013	▶ Banco Central mantuvo tasa de interés en 5% El BC decidió mantener la tasa de interés de referencia en 5%, en línea con lo anticipado por el mercado. Se mantiene nuestro escenario de tasa de política monetaria estable hasta el 1T14.
Peru	01/23/2013	▶ Real Estate Outlook 2012 Home prices continued to rise, especially in the wealthier areas of Lima. Looking ahead, growth in prices is expected to slow, in keeping with the greater market slack and the lower return on rental.
Mexico	01/24/2013	▶ Flash Bancario México. Captación bancaria: ligero aumento de su ritmo de crecimiento En nov. 2012 la tasa de crecimiento nominal anual de la captación bancaria tradicional (vista+plazo) fue 8.8%. Ésta fue mayor a la del mes anterior (7.2%) y menor a la del mismo mes de 2011 (12.4%)
	01/24/2013	▶ Mexico Inflation Flash. January biweekly inflation: Inflation Drops Again as Non-Core Prices Surprise Downwards General: Actual: 0.15% f/f vs. BBVA: 0.39% f/f Consensus: 0.32% f/f. Core: Actual: 0.18% m/m, vs. BBVA:0.25% m/m, Consensus:0.23% m/m (Spanish version)
	01/22/2013	▶ Mexico Real Estate Outlook January 2013 2013, a year of definitions, both in the construction sector as in the housing market (Spanish version)
	01/22/2013	▶ Presentación Situación Inmobiliaria México Enero 2013 La construcción termina el año con mayor ritmo que la economía, pero pronto caminarán al mismo paso.

Asia

- 01/24/2013 ➤ **Asia Daily Flash | 24 January 2013: China Flash PMI rises to two-year high; Korea 4Q GDP confirms modest upturn; Japan: record trade deficit for 2012**
The yen weakened to 89.6/USD as officials defended recent policy moves against accusations of competitive devaluation. Asian data released today were generally positive, confirming an ongoing pickup.
- 01/23/2013 ➤ **Asia Daily Flash | 23 January 2013: Benign inflation in Australia adds pressure on RBA for a rate cut; Singapore inflation rises sharply**
Reaction to yesterday's BoJ announcement remained negative, with the Nikkei posting a sharp decline (-2.0%) on disappointment that significant further easing will not occur until January 2014.
- 01/22/2013 ➤ **Asia Daily Flash | 22 January 2013: BoJ announces 'unlimited' easing in 2014; China reportedly sets new bank loans target for 2013; Indonesia FDI reaches record**
BoJ announced inflation target and further expansion in asset purchase Program. Markets were disappointed by the lack of additional easing in 2013; yen appreciated and Nikkei fell.
- 01/22/2013 ➤ **Latin American Commodity Export Concentration: Is There a China Effect?**
Latin America has been experiencing a commodity exports concentration. Is the rise of China partly responsible for the increase? We ran formal regressions to explain it across countries and over time.
- 01/21/2013 ➤ **Evaluating Latin America's Commodity Dependence on China**
The global commodity boom in the last decade is largely explained by China's hunger for raw materials. This paper explores to what extent South America has become 'Sinodependent' and its implications.
- 01/21/2013 ➤ **Asia Daily Flash | 21 January 2013: PBoC announces new SLOs; Taiwan export orders advance; Hong Kong inflation remains flat**
Asian shares were mixed today with Nikkei down (-1.5%) on profit-taking and speculation the yen may reverse some of its depreciation. Indonesian rupiah rose almost 2.2% on potential exchange rate move.

Publications on January 25, 2013 to 10:16., Madrid time

DISCLAIMER

This document and the information, opinions, estimates and recommendations expressed herein, have been prepared by Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter called "BBVA") to provide its customers with general information regarding the date of issue of the report and are subject to changes without prior notice. BBVA is not liable for giving notice of such changes or for updating the contents hereof.

This document and its contents do not constitute an offer, invitation or solicitation to purchase or subscribe to any securities or other instruments, or to undertake or divest investments. Neither shall this document nor its contents form the basis of any contract, commitment or decision of any kind.

Investors who have access to this document should be aware that the securities, instruments or investments to which it refers may not be appropriate for them due to their specific investment goals, financial positions or risk profiles, as these have not been taken into account to prepare this report. Therefore, investors should make their own investment decisions considering the said circumstances and obtaining such specialized advice as may be necessary. The contents of this document are based upon information available to the public that has been obtained from sources considered to be reliable. However, such information has not been independently verified by BBVA and therefore no warranty, either express or implicit, is given regarding its accuracy, integrity or correctness. BBVA accepts no liability of any type for any direct or indirect losses arising from the use of the document or its contents. Investors should note that the past performance of securities or instruments or the historical results of investments do not guarantee future performance.

The market prices of securities or instruments or the results of investments could fluctuate against the interests of investors. Investors should be aware that they could even face a loss of their investment. Transactions in futures, options and securities or high-yield securities can involve high risks and are not appropriate for every investor. Indeed, in the case of some investments, the potential losses may exceed the amount of initial investment and, in such circumstances; investors may be required to pay more money to support those losses. Thus, before undertaking any transaction with these instruments, investors should be aware of their operation, as well as the rights, liabilities and risks implied by the same and the underlying stocks. Investors should also be aware that secondary markets for the said instruments may be limited or even not exist.

BBVA or any of its affiliates, as well as their respective executives and employees, may have a position in any of the securities or instruments referred to, directly or indirectly, in this document, or in any other related thereto; they may trade for their own account or for third-party account in those securities, provide consulting or other services to the issuer of the aforementioned securities or instruments or to companies related thereto or to their shareholders, executives or employees, or may have interests or perform transactions in those securities or instruments or related investments before or after the publication of this report, to the extent permitted by the applicable law.

BBVA or any of its affiliates' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to its clients that reflect opinions that are contrary to the opinions expressed herein. Furthermore, BBVA or any of its affiliates' proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. No part of this document may be (i) copied, photocopied or duplicated by any other form or means (ii) redistributed or (iii) quoted, without the prior written consent of BBVA. No part of this report may be copied, conveyed, distributed or furnished to any person or entity in any country (or persons or entities in the same) in which its distribution is prohibited by law. Failure to comply with these restrictions may breach the laws of the relevant jurisdiction.

In the United Kingdom, this document is directed only at persons who (i) have professional experience in matters relating to investments falling within article 19(5) of the financial services and markets act 2000 (financial promotion) order 2005 (as amended, the "financial promotion order"), (ii) are persons falling within article 49(2) (a) to (d) ("high net worth companies, unincorporated associations, etc.") Of the financial promotion order, or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the financial services and markets act 2000) may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. The remuneration system concerning the analyst/s author/s of this report is based on multiple criteria, including the revenues obtained by BBVA and, indirectly, the results of BBVA Group in the fiscal year, which, in turn, include the results generated by the investment banking business; nevertheless, they do not receive any remuneration based on revenues from any specific transaction in investment banking.

BBVA is not a member of the FINRA and is not subject to the rules of disclosure affecting such members.

"BBVA is subject to the BBVA Group Code of Conduct for Security Market Operations which, among other regulations, includes rules to prevent and avoid conflicts of interests with the ratings given, including information barriers. The BBVA Group Code of Conduct for Security Market Operations is available for reference at the following web site: www.bbva.com / Corporate Governance".

BBVA is a bank supervised by the Bank of Spain and by Spain's Stock Exchange Commission (CNMV), registered with the Bank of Spain with number 0182.