

Global Weekly Flash

Madrid, 22 March 2013
Economic Analysis

Financial Scenarios

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

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
Jeffrey Cantwell
jeffrey.cantwell@bbva.com.hk
+852 2582 3173

Financial markets are still complacent over Cyprus's bailout

Last Saturday, the Eurogroup reached an agreement with Cypriot authorities on a EUR 10bn bail-out package. The financial assistance to cover capital needs of its banking system, and sovereign needs, amounts to EUR 17bn (near 100% of its GDP). However, the Eurogroup agreed to reduce the financial aid to up to EUR 10 bn in order to maintain the public debt in a sustainable path, while Cyprus should mobilized internal resources by a total amount up to EUR 5.8 bn. In an unprecedented step, the plan included a one-off levy on banks' deposits to cover the Cyprus share, including those deposits below EUR 100,000 which are usually covered in Europe by deposit guarantee funds.

- One week after the agreement, the bailout remains to be approved. The Cypriot parliament rejected package and Cypriot authorities are looking for alternative solutions to meet its share of the agreement. In the meantime, the Eurogroup has released several statements in order to reaffirm the importance of fully guaranteeing deposits below EUR 100,000 and to urge Cypriot authorities to present an alternative plan on the basis of parameters previously defined. More importantly, the ECB set a deadline whereby they "decided to maintain the current level of Emergency Liquidity Assistance (ELA) until Monday, 25 March 2013. Thereafter, (ELA) could only be considered if an EU/IMF programme is in place that would ensure the solvency of the concerned banks". The Cyprus's banks have borrowed from the ELA since June 2012, and therefore the continuation of it is crucial for the survival of Cypriot banks. Uncertainty is very high and the final solution is unpredictable.
- So far, the impact of the Cyprus's bailout on sovereign debt markets has been quite mute. Both Spain and Portugal tested market appetite, issuing debt. Spain sold EUR 6.2bn in bonds and T-Bills at a lower average yields than in previous auctions, remaining the borrowing cost for the 10Y bond below the 5%. Meanwhile, Portugal continues its way back to markets, successfully issuing 3M and 18M T-bills, at a lower yields. All in all, auction results suggested a limited impact from Cyprus. Furthermore, the CDS synthetic index for Western European countries has broadly remained unchanged in the week. Even though increasing uncertainty has weighed on equity and banking sector credit markets, the impact has been limited. However, the increase in net inflows toward safe-haven assets shows an increasing global risk premium.

• Without major news from central banks

March 19-20th FOMC statement reaffirmed that the Fed's remains committed to current assets purchases; hence open-ended asset purchases will continue although the tone within the statement improved slightly from January. The statement was little changed since January, with only a slight change in the communication on due to "moderate economic growth following a pause late last year". In regard to the committee's forecasts, their outlook on the economy remains mostly unchanged, from December. The GDP was revised slightly lower and unemployment rate forecasts were revised down. About QE, FOMC remains confident that the benefits of QE still outweigh the risks, although the minutes, released in two weeks, will provide more clarity. Overall the situation has remained unchanged since January despite improved economic conditions, signaling that the recovery has gained momentum. Ultimately, the FOMC needs to see more sustained improvements before they reassess or adjusts their guidance.

- In the Bank of England minutes of its March 7 meeting, the central bank rejected for a second month to expand stimulus as the majority of policy makers said more bond purchases may erode their credibility, which indicates that further QE does not yet appear likely in the short term.
- Speaking at his first press conference as Bank of Japan's new Governor late yesterday, Haruhiko Kuroda reiterated his determination to end Japan's decades-long deflation and he showed confident about achieving the 2% inflation target in two years. He seems to have disappointed investors by stopping short of announcing specifics of his plans for more aggressive monetary easing.

- **PMI data supports growth rebound in China, while Eurozone slowdown intensifies**

- **A strong flash PMI estimate is lifting confidence once again in China's growth rebound**, after disappointing activity outturns in January/February. The HSBC Flash PMI estimate for March rebounded to 51.7 (consensus: 50.8). The jump was driven by improved output and new orders. Caution is in order in interpreting the flash estimate, given lingering seasonal effects from the timing of Chinese New Year and the usual volatility in monthly data.
- **Falling eurozone PMIs in March point to a delayed recovery.** PMIs fall against expectations, and affects both Germany and France. The widespread downturn intensification across sectors and the continuous fall of activity since September 2011 hampers optimism. Moreover, Euro area construction output fell the most in four months in January, decreasing 1.4% from December. Meanwhile, in Germany, ZEW confidence index unexpectedly climbed to a three-year high in March to 48.5; however the German Ifo business climate index fell more than expected in March to 106.7
- **Regarding the US, positive data were released this week.** The housing sector continues improving. New home construction rose, and building permits climbed to the highest level in almost five years. Meanwhile, existing homes sales rose in February to the highest level in more than three years. Moreover, Philadelphia Fed index unexpectedly expanded in March, increasing to 2 from minus 12.5 February.
- **In Mexico, 4Q12 GDP growth (0.8% q/q) was driven by domestic demand**, particularly private consumption. Meanwhile, investment grew less than expected hit by global uncertainty. Indicators of activity in the first months of the year point to slower growth in 1Q13, in line with expectations. In Brazil, economic activity rebounded in January (1.3% MoM). The expansion was significantly better than the 2012 monthly average and, in fact, is the best since June 2008.

Next week: Over the weekend (not later than Monday) an agreement should be reached between the EU/IMF and Cyprus, the ECB has decided to maintain the ELA until Monday and it could only be considered if solvency of Cypriot banks is ensured (a programme is in place). U.S will publish the Michigan confidence index. In Europe, the March Eurozone confidence will be released. Next week will take place Easter Holidays, on Friday.

Week March, 18 - March, 22

CC	Indicator	Period	Cons. E	Prior		Obs. *
United States	FOMC rates	20-Mar	0.25%	0.25%	→	0.25%
	Housing starts (th)	Feb	915	890	↑	917
	Jobless claims (th)	17-Mar	341	332	↑	336
	Existing home sales (th)	Feb	500	492	↑	498
	Philadelphia Fed survey	Mar	-3.50	-12.50	↑	2.00
Euro zone	Trade Balance (sa €bn)	Jan	10.90	12.0	↓	9.00
	Construction Output (sa MoM)	Jan		-2%		-1.4%
	Consumer Confidence	Mar	-23.00	-23.60	↓	-23.50
	PMI Manufacturing	Mar	48.20	47.90	↓	46.50
	PMI Composite	Mar	48.30	47.90	↓	46.50
Germany	Producer Prices (MoM)	Feb	0.2%	0.8%	↓	-0.1%
	PMI Manufacturing	Mar A	50.50	50.30	↓	48.90
	PMI Services	Mar A	55.00	54.70	↓	51.60
	Ifo - Business Climate	Mar	107.50	107.40	↓	106.70
	Zew Survey (Current Situation)	Mar	6.00	5.20	↑	13.60
	ZEW Survey (Econ. Sentiment)	Mar	47.50	48.20	↑	48.50
Spain	Trade balance (€ million)	Jan		-1,294		-3,498
China	FDI (YoY)	Mar	-4.8%	-7.3%	↑	6.3%
	PMI Manufacturing	Mar	50.90	50.40	↑	51.70
Mexico	Unemployment rate	Feb	5.40%	5.4%	↑	4.9%
Colombia	Trade Balance (US \$ million)	Jan	465.50	677.30	↓	-213.30
	GDP (YoY)	4Q12	2.9%	2.1%	↑	3.1%
Brazil	Current Account (US\$ million)	Feb	-4,250	-8,400	↓	-6,625
Chile	GDP (YoY)	4Q12	5.6%	5.7%	↑	5.7%
	Current Account (US\$ million)	Feb	-2,500	-4,783	↓	-2,880

* e. Forecast/ * Magenta- Below consensus forecast. Green-Above consensus forecast. Yellow- In line consensus forecast.
Source: Bloomberg and BBVA Research

Calendar: Indicators

Germany: Retail sales (February, before March 28th)

Forecast: -0.9% m/m	Consensus: -0.5% m/m	Previous: 3.1% m/m
---------------------	----------------------	--------------------

We expect retail sales to have declined markedly in February, but not enough to offset the strong rebound observed in the previous month. As a result, sales level could have increased by 1.6% over the 4Q12 average level, after declining by around -1% q/q in the second half of 2012. This along with robust fundamentals of domestic demand (low unemployment rate and increasing disposable income) suggests that private consumption is likely to gain momentum in early 2013, after it remained broadly flat in 2H12, and thus continuing to support economic growth in 1Q13. Nonetheless, recent events in Europe (both in Italy and Cyprus) could end up weighing sharply in consumers' mood and thus putting a brake on spending and increasing concerns about the sustainability and the strength of the recovery during 2013.

Eurozone: M3 (February, March 28th)

Forecast: 3.1% y/y	Consensus: 3.2% y/y	Previous: 3.5% y/y
--------------------	---------------------	--------------------

M3 is expected to have slowed by 0.4pp to 3.1% y/y in February, continuing the downward trend observed since October 2012, as declining financial tensions eased preference for liquidity in some stressed member states. Across its main counterparts, we expect divergence trends between loans to households and non-financial corporations to remain, with the former increasing slightly, by around 0.1% m/m as observed over last year, while those to firms could have declined further by around 0.2% m/m, and thus continuing the significant downward trend observed in late 2012. Although it is hard to split credit performance between supply and demand factors, these figures show further evidence of the weakness of household spending, but also, and more worrying, suggest that the take off of the investment will take longer. Looking forward, we continue to expect credit to remain very subdued in coming quarter, although credit conditions could have eased somewhat, and this could add more pressure on the ECB to take action to restore the normal functioning of financial markets.

US: GDP Final (4Q12, March 28th)

Forecast: 0.4%	Consensus: 0.5%	Previous: 0.1%
----------------	-----------------	----------------

Although no new data has been released for 4Q12 since the preliminary estimate in February, we expect the final GDP figure for 4Q12 to increase slightly due to upward revisions and weaker than expected headwinds. International trade was likely the most important revision since the last GDP estimate. The trade deficit was less negative than previously specified, falling from \$-38.5bn to \$-38.1bn. This revision is likely to have a positive impact on the final GDP figure. We expect that the \$400M upward revision will reduce the trade balance burden on GDP and shift the final GDP growth rate marginally higher. There is also room for additional upward growth as headwinds seem to have been less impactful than previously expected from the fiscal debates toward years end. Most data from December from both manufacturing and the private sector pointed to growth rather than the anticipated slow down expected from the looming fiscal uncertainty.

US: Personal Income and Spending (February, March 29th)

Forecast: 0.7%, 0.6%	Consensus: : 0.9%, 0.5%	Previous: -3.6%, 0.2%
----------------------	-------------------------	-----------------------

With a majority of the payroll tax accounted for in the last report, we expect personal income to recover from its sharp decline as the employment situation continues to improve along with businesses' outlook. February's surge in non-farm payrolls points toward firms' increasing willingness to part with their accrued cash and hire now that the economic outlook has, for the time being, shed a vast amount of uncertainty. However, after an augmented dividend payout in December resulting from fiscal fears, it is unlikely that income will see a similar prolific shift in income as over the past two months. Personal spending is also likely to increase as consumers seemed to have weathered the payroll tax with far more resilience than expected. Retail sales for February rose by 1.1%, double Bloomberg's consensus, as consumer activity thwarted much of the expected decline. It is therefore evident that, although the 2% rise in payroll tax has had an effect on consumers' income, February's data evidences some resilience in spending activity.

Singapore CPI (February, March 25th)

Forecast: 3.9% y/y	Consensus: 4.0% y/y	Previous: 3.6 % y/y
--------------------	---------------------	---------------------

Singapore's March inflation outturn will be a key input at the next 6-monthly policy meeting of the Monetary Authority of Singapore (MAS) in mid-April. Inflation has moderated recently amidst slowing growth momentum and falling food prices, after remaining stubbornly high throughout 2012, averaging 4.5%. At its last policy meeting in October, the MAS kept monetary policy on hold due to inflation pressures despite sharply slower growth, which ended up at 1.3% in 2012 down from 4.9% in 2011. It did so by maintaining the slope, width, and midpoint of the exchange rate band – the MAS uses an undisclosed exchange rate band as its monetary policy instrument. The MAS last changed policy in April 2012 when it tightened by increasing the appreciation slope. We expect the MAS to stay on hold in April by maintaining a gradual appreciation path, to help contain inflation to within the MAS forecast range of 3.5%-4.5% amidst an expected global pickup.

Markets Data

			Close	Weekly change	Monthly change	Annual change
Interest rates (changes in bps)	US	3-month Libor rate	0.28	0	0	-19
		2-yr yield	0.25	0	-1	-10
		10-yr yield	1.91	-8	-10	-32
	EMU	3-month Euribor rate	0.22	1	-1	-59
		2-yr yield	0.03	-2	-17	-20
		10-yr yield	1.38	-8	-28	-49
Exchange rates (changes in %)	Europe	Dollar-Euro	1.299	-0.7	-2.2	-2.1
		Pound-Euro	0.85	-1.5	-2.2	1.9
		Swiss Franc-Euro	1.22	-0.4	-0.7	1.4
		Argentina (peso-dollar)	5.11	0.4	1.8	17.0
	America	Brazil (real-dollar)	2.02	1.6	2.7	11.3
		Colombia (peso-dollar)	1828	1.2	2.0	3.9
		Chile (peso-dollar)	473	0.2	-0.1	-3.3
		Mexico (peso-dollar)	12.37	-0.5	-2.8	-2.9
		Peru (Nuevo sol-dollar)	2.59	-0.1	0.3	-3.0
	Asia	Japan (Yen-Dollar)	94.41	-0.9	0.9	14.6
		Korea (KRW-Dollar)	1119.28	0.7	3.8	-1.4
		Australia (AUD-Dollar)	1.045	0.4	1.9	-0.1
Comm. (chg %)		Brent oil (\$/b)	107.6	-2.0	-6.9	-14.0
		Gold (\$/ounce)	1607.5	1.0	2.7	-3.3
		Base metals	539.9	-0.8	-0.2	-0.4
Stock markets (changes in %)	Euro	Ibex 35	8330	-3.4	2.0	0.6
		EuroStoxx 50	2682	-1.6	1.6	6.2
	America	USA (S&P 500)	1556	-0.3	2.9	11.4
		Argentina (Merval)	3458	-0.9	5.8	27.5
		Brazil (Bovespa)	55367	-2.6	-1.4	-15.9
		Colombia (IGBC)	14028	-2.4	-5.3	-6.2
		Chile (IGPA)	21872	1.1	-1.2	-0.3
		Mexico (CPI)	42691	0.2	-3.6	11.4
		Peru (General Lima)	20047	-0.7	-3.7	-12.7
		Venezuela (IBC)	629077	0.0	1.9	235.0
	Asia	Nikkei225	12339	-1.8	7.6	23.2
		HSI	22115	-1.9	-5.1	7.0
Credit (changes in bps)	Ind.	Itraxx Main	119	14	8	1
		Itraxx Xover	476	74	42	-124
	Sovereign risk	CDS Germany	35	2	-6	-38
		CDS Portugal	385	21	1	-814
		CDS Spain	282	9	30	-150
		CDS USA	38	0	-4	---
		CDS Emerging	253	13	18	14
		CDS Argentina	3194	161	802	2440
		CDS Brazil	137	7	10	16
		CDS Colombia	93	3	-7	-16
		CDS Chile	65	0	-5	-26
		CDS Mexico	93	4	-9	-23
		CDS Peru	93	3	-6	-27

Source: Bloomberg and Datastream

Weekly Publications

Country	Date	Description
Spain	03/21/2013	➤ Flash España: Balanza comercial de enero 2013 El déficit de la balanza comercial acumulado a 12 meses en el primer mes del año ascendió a 30,6 miles de millones de euros
	03/21/2013	➤ Europe Flash Eurozone: Falling eurozone PMIs in March point to a delayed recovery PMIs fall against expectations, and affect both Germany and France
EMU	03/21/2013	➤ Europe Flash Eurozone: Falling eurozone PMIs in March point to a delayed recovery PMIs fall against expectations, and affect both Germany and France
US	03/18/2013	➤ U.S. Weekly Flash. Retail Sales jump 1.1% on strong consumer activity in February Emerging far stronger than consensus expected, retail sales for February grew by 1.1% over last month as consumer activity expanded (Spanish version)
Latam	03/21/2013	➤ Latam Daily Flash: Colombia will continue to stimulate economic activity through countercyclical policies
	03/20/2013	➤ Latam Daily Flash: Private consumption grows in Mexico while fixed investment decelerates; Civil works recover in Colombia
	03/19/2013	➤ Latam Daily Flash: Positive performance in GDP growth in the region continues underpinned by domestic demand
	03/18/2013	➤ Latam Daily Flash: Economic activity rebounded in both Peru and Brazil in January. Today we expect Chilean national accounts
Chile	03/18/2013	➤ Demanda interna mantiene dinamismo en línea con deterioro en cuenta corriente Crecimiento del PIB alcanzó a 5,7% a/a en 4T12, mientras demanda interna creció 8,2% a/a, manteniendo su dinamismo. Déficit en cuenta corriente alcanzó a 3,5% del PIB en 2012.
Colombia	03/21/2013	➤ Flash Colombia. Economía colombiana se mantiene en una senda de expansión con un crecimiento de 4% en 2012 El crecimiento económico de 2012 se ubicó en 4,0%, desacelerándose con respecto al resultado de un año atrás (revisado de 5,9% a 6,6%), en línea con las expectativas de BBVA Research y del mercado
Mexico	03/21/2013	➤ Flash Bancario México. ICAP: los bancos pasan la primera prueba de Basilea III Hace unos días la CNBV publicó el índice de capitalización de los bancos a enero de 2013, el cual fue calculado por primera vez bajo los nuevos lineamientos de Basilea III
	03/21/2013	➤ Flash Inmobiliario México. El crédito bancario a la construcción de vivienda se contrae, ¿Cierto o falso? El crédito puente ha mostrado una tendencia a la baja a lo largo de los últimos años. Sin embargo, otros esquemas de financiamiento bancario son incluso más importantes
	03/20/2013	➤ Flash Inmobiliario México. La actividad hipotecaria inicia con fuerza el 2013 Institutos de vivienda muestran su modernización. Condiciones atractivas de financiamiento mantendrán elevada la demanda de crédito. Oferta puede aumentar, aunque debe hacerlo siguiendo a la demanda
	03/20/2013	➤ Mexico GDP Flash. 4Q12 GDP: growth based on the good performance of the private consumer expenditures, as opposed to investment 4Q12 growth of 0.8% q/q was driven by domestic demand, particularly private consumption. Net exports were slightly negative (Spanish version)

Asia

- 03/22/2013 ➤ **Asia Daily Flash | 22 March 2013: HKMA releases financial stability report; Korea: new Finance Minister set to boost economy?**
HKMA's financial stability report flagging property market risk; Korea: new Finance Minister set to boost economy?
- 03/21/2013 ➤ **Asia Daily Flash | 21 March 2013: China Flash PMI lifts confidence; Japan exports remain weak**
A strong flash PMI estimate is lifting confidence once again in China's growth rebound, after disappointing activity outturns in Jan/Feb. The Nikkei continued its upward trend (+1.3%).
- 03/20/2013 ➤ **Asia Daily Flash | 20 March 2013: Taiwan export orders disappoint; Malaysia inflation edges up**
Events in Cyprus and the EU receded further from investor worries in Asia. The Shanghai Composite surged (+2.7%), with positive spillovers in HK (+0.9%) ahead of the release of China's HSBC flash PMI.
- 03/19/2013 ➤ **Asia Daily Flash | 19 March 2013: RBI cuts rates; China targets financial reforms; China FDI inflows rise**
Market sentiment improved as worries over the fallout of the proposed Cyprus deposit levy receded somewhat. Japan's Nikkei rebounded by 2.0%, Shanghai Composite (+0.8%) and Korean Kospi (+0.5%).
- 03/19/2013 ➤ **India Flash: RBI delivers another rate cut but casts caution on further easing**
Core inflation is stabilizing but sticky food prices warrant supply side response. Implementation bottlenecks dampen reform momentum. Steps to contain twin deficits are encouraging but not enough.
- 03/18/2013 ➤ **Asia Daily Flash | 18 March 2013: China's new leadership team signals policy continuity; China's housing prices rise; Singapore exports disappoint**
A risk-off environment prevailed on concerns of financial instability in EU on Cyprus bank deposits tax. Asian markets plunged, led by Japan's Nikkei (-2.7%), Hang Seng (-2.0%) and Australia (-2.0%).

EAGLEs

- 03/22/2013 ➤ **EAGLEs Outlook. 2013 Annual Report (Chinese version)**
Chinese version

Emerging Economies

- 03/22/2013 ➤ **Informe Trimestral Riesgo País. Marzo 2013**
Los efectos positivos de las acciones de los bancos centrales occidentales han permanecido relativamente intactos. Los activos de los mercados emergentes continuaron revalorizándose.

Publications on March 22, 2013 to 12:38, 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.