

Global Weekly Flash

Attention will turn back to the sustainability of the recovery

- **Additional steps from the Fed and the ECB are still possible but require conditions to deteriorate a lot. Thus, markets' attention will return to the sustainability of the global recovery**
 - With the strong take-up in this week's second 3y LTRO ECB auction, the ECB has now injected €1 trn of 3-year funds into the banking system, and thereby stabilized bank funding. Banks are now prefunded through 2014, deleveraging pressures should reduce substantially, and the negative feedback between the costs of bank and sovereign funding is now effectively broken in the near-term. The Governing Council of the ECB is likely to be pleased with the large take-up and will not signal any additional 3y LTROs at next week's monetary policy meeting. Additional steps are still possible but conditions will need to deteriorate a lot before the ECB embarks in more auctions. On one hand, there are concerns about creating a disincentive for banks to strengthen their positions as well as increasing concerns on ECB's risk taking. In fact, Jens Weidmann, the head of the Bundesbank, sent a letter to Mario Draghi this week calling for a quick return to stricter rules on the collateral that the ECB accepts from banks in return for funds under the LTROs. This letter highlights the fears of potential costs for Germany. On the other, the incremental positive effect of additional auctions is likely to be much more limited.
 - In his Semiannual Testimony before Congress, Bernanke pared back market expectations of QE3, confirming our view that another round of asset purchases is unlikely unless a clear deterioration occurs. In general, we believe that the Fed is unconvinced of the sustainability of the recovery, but due to some pockets of good data, the Fed needs to see clear deterioration before pushing the button for more large-scale asset purchases. Bernanke's key phrase was: "In light of the somewhat different signals received recently from the labor market than from indicators of final demand and production, however, it will be especially important to evaluate incoming information to assess the underlying pace of economic recovery." This underscores our view that the Fed needs more clarity at this point in time.
- **The ECB Second 3y LTRO: Good demand as expected and more bidders**
 - This week all the eyes were in the second ECB 3y LTRO. The demand was good, the funds allotted were € 529.5 bn of which €314bn represent net additional liquidity. The auction was tapped by a high number of institutions, 800 (523 in the first 3y LTRO). The elevated number of bidders shows that more institutions have wanted and, what is more important, have been able to borrow funds at this auction, also helped by the broader collateral framework. After this second 3-year LTRO, the support by the ECB to European banks reaches to €1.1 trn, which represents 12% of EMU GDP. This auction will have short-term positive effects on the market, as the net liquidity injected in the markets is higher than December's 3y LTRO. However, the auction will not have the major effects that the first auction had. Up to now, new liquidity measures of the ECB have helped to reduce banks and sovereign risk premium: Italian 10-year yields falls below 5%, and 2-year yields below 1.9%, Spanish bond spreads also tightened somewhat, by 6 bp and 25 bp in 2-year and 10-year maturities, respectively. Over this week main eurozone countries sold debt amounting to €50bn. In the case of Italy, the auctions (amounting to EUR 18.5bn) allowed the country to pay almost EUR 47bn in papers maturing this week. It reflected positively in country's short and long-term yields, with the 2Y maturities falling below the Spanish yields for the first time in months and staying below the 2.0% level.
- **The EU Council postponed to the next week its "go-ahead" on the Greek second bailout, conditioned on the successful PSI and the final assessment by the Troika on Greek actions. They also postponed to the end of March the increase in the EFSF/ESM ceiling**
 - The Eurogroup allows the EFSF to raise money to finance the EZ contribution to the PSI. The group also welcomed all measures approved by Greece but said the Troika still has to finalize "in the next few days" the detailed assessment of such measures. Until this is done and the high-participation in the PSI operation is confirmed, the Eurogroup will keep on hold the disbursement of EFSF money for the PSI and the second programme. While still waiting for the final statement conclusion from the EU Council, they have yet announced to postpone the decision on the increase in the ESM/EFSF to late March. Negotiations on the fiscal compact to be signed today (details should be released also today).

- Beside ISDA EMEA Determinations Committee deferred two Credit Events allegations that could have triggered Greek CDS. Nevertheless, we can not rule out the risk of a credit event of the Greek debt if Hellenic authorities decided to introduce the CACs clauses retrospectively.
- **In the US, the tone of the Beige book was somewhat more cheerful**
 - The advance in the manufacturing sector was the main reason behind the improvement. However, recent manufacturing data showed mixed signals. The US the Manufacturing PMI fell to 52.4 in February, from 54.1 in January. The durable orders also registered a weak reading in January, falling by 4%; even excluding the transport component the orders still fell. Meanwhile, the Chicago PMI index rose to 64 in February, which is the 10-month high. All categories posted strong results: new orders reached its highest reading in nearly a year, rising to 69.2 from 63.6. Additionally, consumer confidence rose in February from low levels, positively affected by the improvement in the labor markets.
- **In Europe, the confidence indexes still point to some stabilization**
 - Economic sentiment improved in Eurozone in February, supported by all sectors but services. The ESI increased by 1p reaching 94.4 in February, with France taking the lead (+1.6p). In addition, final Manufacturing PMIs in February, at 49.0, confirmed the suggestions of the flash figures for a broad-based stabilization in the sector in the beginning of the year. Greece was an outlier, with its index falling to a record low of 37.7p, with Germany, UK remaining and France finally reaching the expansion territory. Consumer confidence remained virtually unchanged in Germany and UK, as the Gfk indicator suggest, while retail sales in the three countries under a bailout program (Greece, Ireland, Portugal) continued the downturn. On the labour market, the unemployment rate increase to 10.7% in January from 10.6% in December, with also an upward revision by 0.2pp of December's figure. In addition, hiring intentions in confidence surveys suggest that labour market will continue to deteriorate in coming months.
- **Activity data in Asia provides further evidence that the region is averting a hard-landing**
 - The Chinese official Purchasing Managers Index (PMI) for February increased to 51.0% from 50.5% in January, broadly in line with expectations (BBVA: 51.1%; Consensus: 50.9%). Although seasonal factor may have been affecting the results, the increase was broad-based by component, including new export orders which show a reversal in recent weakness in export demand. We expect sequential growth momentum to bottom out in Q1, leading to full-year growth of 8.3% in 2012. Our projections are based on continued policy support, including further cuts in the required reserve ratio of 100-150 through mid-year (following the cumulative 100 bps cuts since December). Additionally, Industrial activity increased significantly in Japan and Korea. These data, together with the rise in capital spending in Japan and in Korean export, improve the recent outlook of the region. In both cases, however, we remain cautious as seasonal effects from the Chinese New Year may distort the data.
 - In Mexico the manufacturing index IMEF increased to 54.3 in February from 51.8 in January. The non manufacturing index also advanced in January but at slower pace to 52.2 from 51.7. Activity is positive affected by the improvement seen in the US activity.
- **The surge in oil prices is pushing up input prices. However, given the activity slack, risk on output prices should remain muted**
 - Oil prices have escalated further over the last week, Brent has increased to 128 \$/bbl, reaching maximum highs in EUR terms 94.8 EUR/b. Eurozone inflation increased by 0.1pp to 2.7% y/y in February, against our expectation of stabilization, suggesting that moderation in inflation could be slower than anticipated, driven by the recent increase in oil prices but also by the stabilization of some components of core prices. Headline inflation is likely to remain slightly above the ECB target until the last quarter of the year, posing some pressure on monetary policy. Input prices components of PMI's are also on the rise reflection pressures from oil prices. In the eurozone input prices index rose strongly in February to 58 while in the US Manufacturing index also reported a sharp increase in price paid to 61.5 from 55.5, a 8-month high, backed by the increase of raw material prices. The surge in oil prices amidst weak economic activity may pressure companies margins implying a downside risk for the economy.

Next week markets will focus on the success of the Greek private sector involvement due on March 8. The ECB meeting will also keep investors' attention. On the activity data, investor will watch closely the US payroll figures for February and the Chinese National People's Congress (NPC) to begin on March 5.

Calendar: Indicators

Eurozone: Retail sales (January, March 5th)

Forecast: 0.0% m/m	Consensus: -0.1% m/m	Previous: -0.3% m/m
--------------------	----------------------	---------------------

Retail sales are expected to have remained flat in January, after falling in the previous two months. This forecast implies that retailing would have contracted by around -0.5% q/q over Q4, when they also fell by -0.6% q/q. In addition, consumer confidence at the beginning of the year improved marginally, but remained clearly below its long-term average. Overall, these figures point to the weakness of households' consumption, as its underlying drivers continue to worsen, with unemployment rate increasing at the beginning of the year and the inflation rate stabilizing at around 2.6% y/y.

Eurozone: GDP (Q4 2011 2nd estimation, March 6th)

Forecast: -0.3% q/q	Consensus: -0.3% q/q	Previous: -0.1% q/q
---------------------	----------------------	---------------------

We expect the second estimation of GDP to confirm the contraction of activity by -0.3% q/q in Q411, driven by the worsening of the financial market outlook that ended up adversely weighing on confidence, along with a weaker global recovery. The detailed breakdown should show that the support of consumption to demand could have faded, in contrast with Q3, while lower economic prospects combined with idle capacity utilization and tighter financial conditions have probably triggered a significant fall in investment. In addition, the strong fiscal adjustment proceeded, especially in the periphery, undermining public consumption. As a result, domestic demand might have subtracted growth for the third quarter in a row, thus increasing concerns about the fragility of the recovery, which was still supported by the external sector. In particular, despite the slowdown in global demand and, hence, exports, further deceleration in imports has continued to make a slight positive contribution of net exports to economic growth. .

US: Nonfarm Payrolls and Unemployment Rate (February, March 7th)

Forecast: 200K, 8.3%	Consensus: 211K, 8.3%	Previous: 243K, 8.3%
----------------------	-----------------------	----------------------

The employment situation has been better-than-expected in recent months, with stronger nonfarm payroll growth and significant declines in the unemployment rate. The private sector continues to lead employment growth, with rebounds in manufacturing and construction hiring. While government layoffs remain the weakest component, job losses appear to be shrinking. Persistent declines in initial jobless claims, in addition to reports from regional Federal Reserve manufacturing surveys and the ISM indices, suggest that February's employment report will be similar to January. However, we do not expect another decline in the unemployment rate given a more steady participation rate.

US: International Trade Balance (January, March 9th)

Forecast: -\$48.2B	Consensus: -\$49.0B	Previous: -\$48.8B
--------------------	---------------------	--------------------

The international trade balance deteriorated through 4Q11 but is expected to improve slightly in January. Exports reverted back to positive growth in December, and the latest ISM reports suggest a continuing trend of increased demand for US goods and services in January. December's rise in imports, which was led primarily by capital and consumer goods, indicates that these trends may continue alongside improvement in the overall business outlook. Although rising crude oil prices will likely lift the nominal value of imports., we expect that export growth will exceed import growth for the first time since 3Q11. .

China: Industrial output (January-February, March 9th)

Forecast: 11.5% y/y	Consensus: 12.4% y/y	Previous: 12.8% y/y
---------------------	----------------------	---------------------

It is difficult this week to choose a single indicator given a number of important data releases scheduled this coming week in China, including inflation, industrial production, retail sales, exports and new loans. We select industrial production for the combined months of January and February given existing uncertainties about recent growth momentum (the data are to be released for the combined months given distortions from the Chinese New Year). Data so far this year has generally been encouraging, with PMI outturns in January and February remaining above the 50-level expansion/contraction threshold, although other indicators, such as electricity consumption suggest weakness. We expect industrial production to moderate slightly, but remain strong given signs of robust manufacturing orders. At the same time, we expect inflation to moderate further, to around 3.2% y/y in February (from 4.5% in January), which should provide room for further policy support such as cuts in the required reserve ratio.

Markets Data

			Close	Weekly change	Monthly change	Annual change
Interest rates (changes in bps)	US	3-month Libor rate	0.48	-1	-6	17
		2-yr yield	0.29	-2	6	-40
		10-yr yield	2.03	5	20	-146
	EMU	3-month Euribor rate	0.97	-4	-15	-20
		2-yr yield	0.19	-5	1	-157
		10-yr yield	1.84	-5	-1	-144
Exchange rates (changes in %)	Europe	Dollar-Euro	1324	-1.5	0.4	-5.3
		Pound-Euro	0.83	-1.8	0.0	-3.2
		Swiss Franc-Euro	1.21	0.1	0.1	-6.8
	America	Argentina (peso-dollar)	4.35	-0.2	0.3	7.9
		Brazil (real-dollar)	1.71	0.2	-1.2	3.6
		Colombia (peso-dollar)	1769	-0.4	-1.7	-6.6
		Chile (peso-dollar)	482	0.3	-1.1	1.6
		Mexico (peso-dollar)	12.76	-1.1	-0.9	6.3
		Peru (Nuevo sol-dollar)	2.67	-0.2	-0.6	-3.5
	Asia	Japan (Yen-Dollar)	81.63	0.5	7.0	-0.8
		Korea (KRW-Dollar)	1115.61	-0.9	-1.0	0.1
		Australia (AUD-Dollar)	1,076	0.6	0.4	6.1
Comm. (chg %)		Brent oil (\$/b)	125.0	-0.4	12.1	7.8
		Gold (\$/ounce)	1713.3	-3.4	-1.8	20.0
		Base metals	549.1	0.4	0.3	-12.2
Stock markets (changes in %)	Euro	Ibex 35	8574	0.5	-1.4	-18.3
		EuroStoxx 50	2552	1.1	3.3	-13.5
	America	USA (S&P 500)	1374	0.6	3.8	4.0
		Argentina (Merval)	2749	-0.5	-3.1	-20.7
		Brazil (Bovespa)	66810	1.3	3.5	-1.8
		Colombia (IGBC)	15170	1.4	9.4	-1.4
		Chile (IGPA)	21655	1.2	5.0	0.4
		Mexico (CPI)	38033	0.2	0.9	3.1
		Peru (General Lima)	22983	0.7	2.7	1.4
		Venezuela (IBC)	149458	4.9	20.9	121.0
	Asia	Nikkei225	9777	1.3	11.0	-8.6
		HSI	21562	0.7	6.0	-7.9
Credit (changes in bps)	Ind.	Itraxx Main	127	-3	-9	28
		Itraxx Xover	558	-17	-27	169
	Sovereign risk	CDS Germany	76	-5	-10	29
		CDS Portugal	1175	51	-199	693
		CDS Spain	356	-16	1	118
		CDS USA	35	0	-8	---
		CDS Emerging	243	-10	-19	30
		CDS Argentina	798	16	40	187
		CDS Brazil	135	-2	-6	21
		CDS Colombia	124	-3	-10	8
		CDS Chile	97	1	-14	23
		CDS Mexico	133	-1	-5	24
		CDS Peru	140	-4	-21	29

Source: Bloomberg and Datastream

Weekly Publications

Country	Date	Description
US	02/29/2012	> Fed Watch: Semiannual Monetary Policy Report Today's testimony shows FOMC is unconvinced of the recovery's sustainability, but will also not press for additional asset purchases unless a clear deterioration occurs
	02/28/2012	> Banking Watch: FDIC Banking Profile 2011Q4 Widespread Performance Improvement Over 2010 (Spanish version)
	02/27/2012	> Weekly Flash. Consumer Sentiment Rebounds, New Home Sales Drag on Housing Recovery Consumer sentiment rebounded at the end of February from a slight decline in the beginning of the month. Despite growth in many aspects of the economy, weak housing activity continues to weigh on the recovery (Chinese Version) (Spanish version)
EMU	03/01/2012	> Europe Flash: "Inflation stepped up in February, while activity contraction took its toll in the labour market" Eurozone inflation increased by 0.1pp to 2.7% y/y in February, against our expectation of stabilization, suggesting that moderation in inflation could be slower than anticipated, driven by the recent increase in oil prices but also by the stabilization of some components of core prices.
	02/29/2012	> Europe Flash: "Eurozone inflation down in January driven by favourable base effect in energy prices and to the moderation in core inflation" Inflation slowed in January by 0.1pp to 2.6%, instead of the 2.7% anticipated by Eurostat's flash estimation.
	02/28/2012	> Europe Flash: "Eurozone: Confidence improves further, but services sector rebound is on hold" Broad-based improvement in economic sentiment, with the exception of services.....and with construction taking the lead on the positive side.
	02/27/2012	> Europe Economic Watch: "Eurozone: Tentative signs of improvement in early 2012" Economic confidence has been more positive in early 2012, with the services sector taking the lead...while is not followed by manufacturing. (Spanish version)
Spain	29/02/2012	> Flash España: "Balanza de pagos de diciembre 2011" El déficit de la balanza por cuenta corriente en el acumulado a 12 meses de diciembre empeora con respecto al acumulado a 12 meses del mes anterior y se sitúa en los -39,8 mil millones de euros.
	29/02/2012	> Flash España: "Avance del IPC de febrero" El indicador adelantado del IPC confirma la pausa prevista de la desaceleración de la inflación general en febrero. Nuestras estimaciones apuntan que la inflación subyacente continuó moderándose este mes.
	28/02/2012	> Flash España: Confianza industrial y del consumidor en febrero En línea con lo observado en los últimos meses, la confianza volvió a revelar señales mixtas en febrero.
	28/02/2012	> Flash España: "España: visados de construcción de vivienda de obra nueva diciembre 2011" Durante el mes de diciembre de 2011 se firmaron 5.414 visados de construcción de vivienda de obra nueva, incrementándose el 21,7% respecto al mes de noviembre una vez corregida la serie de variaciones estacionales y efectos de calendario (cvec).
	02/27/2012	> Europe Economic Watch: "Eurozone: Tentative signs of improvement in early 2012" Economic confidence has been more positive in early 2012, with the services sector taking the lead...while is not followed by manufacturing. (Spanish version)

Latin America

Brazil	02/28/2012	<p>➤ Evento: De la "moderación del crecimiento" al "crecimiento moderado"</p> <p>Tras crecer muy por encima de su potencial en 2010, la economía brasileña reaccionó a las medidas anticíclicas adoptadas al inicio de 2011 y empezó a moderarse. Evento: Presentación de "Situación Brasil. Primer trimestre 2012" "Situación Brasil. Primer trimestre 2012"</p>
Chile	02/29/2012	<p>➤ Flash Chile: Actividad industrial se recupera, mientras ventas minoristas moderan su ritmo</p>
	02/29/2012	<p>➤ Flash Chile: Minuta de la reunión de política monetaria de febrero reafirma expectativas de ajuste acotado</p>
	02/28/2012	<p>➤ Flash Chile: Tasa de desempleo se mantiene en 6,6% a enero</p>
Colombia	02/20/2012	<p>➤ Flash Colombia: Industria desacelera producción en diciembre, pero ventas elevadas ayudan a desacumular inventarios</p> <p>En diciembre, la producción industrial creció 2,4% anual, por debajo de los meses previos, si bien las ventas siguieron creciendo con fuerza al 4,5% anual</p>
	03/01/2012	<p>➤ Flash Peru: Inflación de febrero rebotó por factores de oferta y estacionalidad</p> <p>En línea con lo proyectado (BBVA: 0,35% y Consenso: 0,30%), la inflación de febrero fue 0,32%. Con ello, la inflación interanual se mantuvo en 4,2%.</p>
Peru	02/28/2012	<p>➤ Flash Peru: Gasto se recompone en 4T11 y adelanta una mayor participación del sector público en el crecimiento de 2012</p> <p>Las cuentas nacionales del cuarto trimestre de 2011 continuaron mostrando una desaceleración de la actividad, desde 6,7% interanual en 3T11 a 5,5%.</p>
	03/01/2012	<p>➤ Panama Automobile Market Outlook 2011 Sales of vehicles in Panama reach historic levels in 2011</p> <ul style="list-style-type: none">• Free Trade Agreement with the United States poised to favor supply of new cars• Low interest rates will increase access to credit over the coming years
Mexico	03/01/2012	<p>➤ Flash Mexico: Las remesas inician 2012 con crecimiento</p> <p>En el mes de enero de 2012 las remesas hacia México presentaron un crecimiento anual de 7.2% en dólares; en términos de pesos el crecimiento fue del doble</p>
	02/29/2012	<p>➤ Mexico Flash: Construction GDP growth closed higher than the growth of the economy</p> <p>In 2011 construction GDP grew faster than the economy. The construction industry has recorded 17 consecutive months of growth. We expect this growth to continue in a moderate fashion over the coming year (Spanish version)</p>
Asia	03/01/2012	<p>➤ Asia Daily Flash: 1 March 2012</p> <p>Although Hong Kong, where we produce the Daily Flash, remains shrouded in thick fog for a second straight week, the latest stream of regional economic data is helping to make things feel a little bit brighter. Another encouraging monthly PMI outturn in China, strong capital spending data in Japan, and robust</p>
	03/01/2012	<p>➤ China Flash: February PMI outturn signals sustained growth</p> <p>The official Purchasing Managers Index (PMI) for February increased to 51.0% from 50.5% in January, broadly in line with expectations (BBVA: 51.1%; Consensus: 50.9%).</p>
	02/29/2012	<p>➤ India Flash: Weakening investment and subdued exports drag on 4Q11 GDP</p> <p>India's growth momentum slowed markedly in 4Q11, as real GDP registered 6.1% y/y from 6.9% in 3Q11, its slowest year-on-year growth rate since the first quarter of 2009.</p>

Sonsoles Castillo
s.castillo@bbva.com
+34 91 374 44 32

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

Felipe Insunza
felipe.insunza@bbva.com
+34 91 537 76 80

US
Jeff Herzog
jeff.herzog@bbvacompass.com
+1 713 843 5348

Indicators collaboration

Europe
Agustín García
agustin.garcia@bbva.com
+34 91 3747938

US
Hakan Danis
hakan.danis@bbvacompass.com
+1 713 843 5382

Asia
Zhigang Li
zhigang.li@bbva.com



| Castellana 81, Floor 7, 28046 Madrid | Tel.: +34 91 374 60 00 | www.bbva.com

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 content of this document is 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.