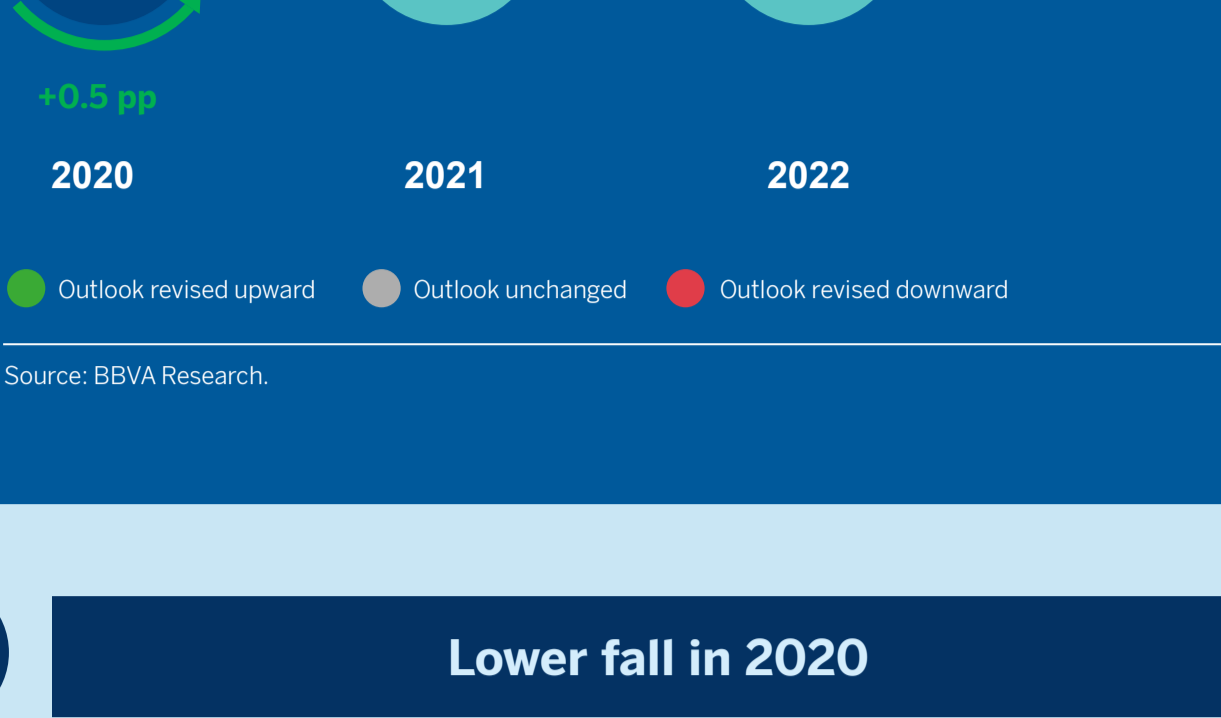


Spain Economic Outlook 1Q21

Growth in 2020 is revised upward, growth in 2021 is revised downward and **the economy is expected to accelerate in 2022.**

SPAIN: GDP GROWTH FORECASTS (%)



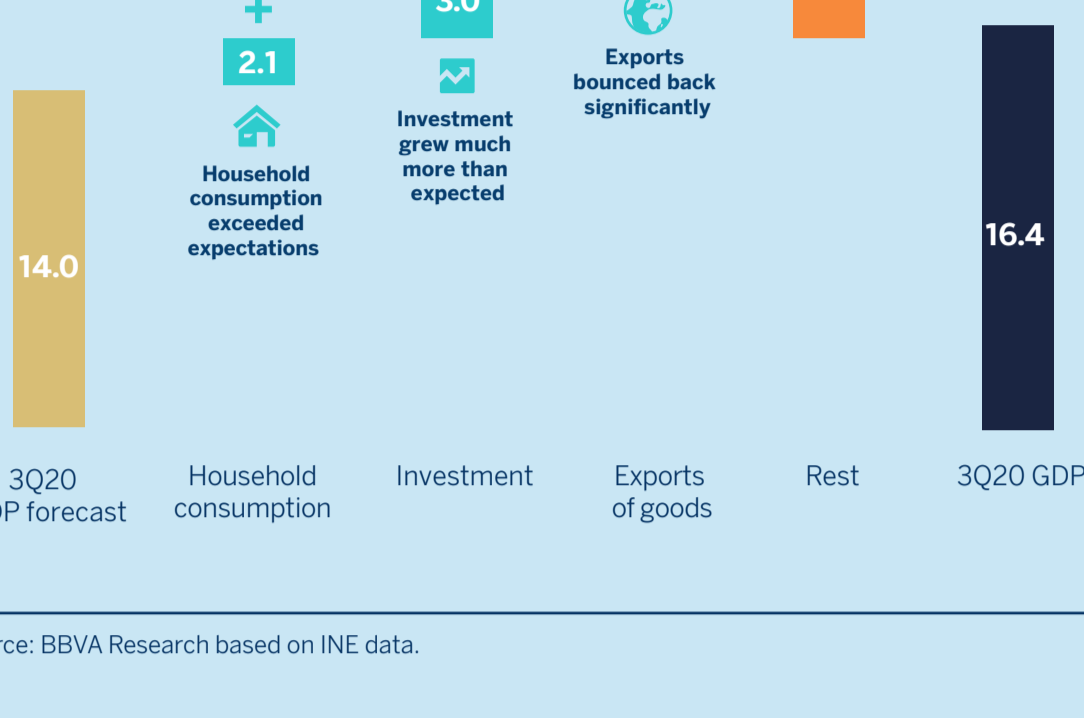
Source: BBVA Research.

2020

Lower fall in 2020

GDP growth was **better than expected in 3Q20.**

CONTRIBUTION TO THE FORECAST ERROR OF THE Q/Q GDP GROWTH IN 3Q20 (PERCENTAGE POINTS)



Source: BBVA Research based on INE data.

Mobility and confidence have not been as affected as in the EMU.

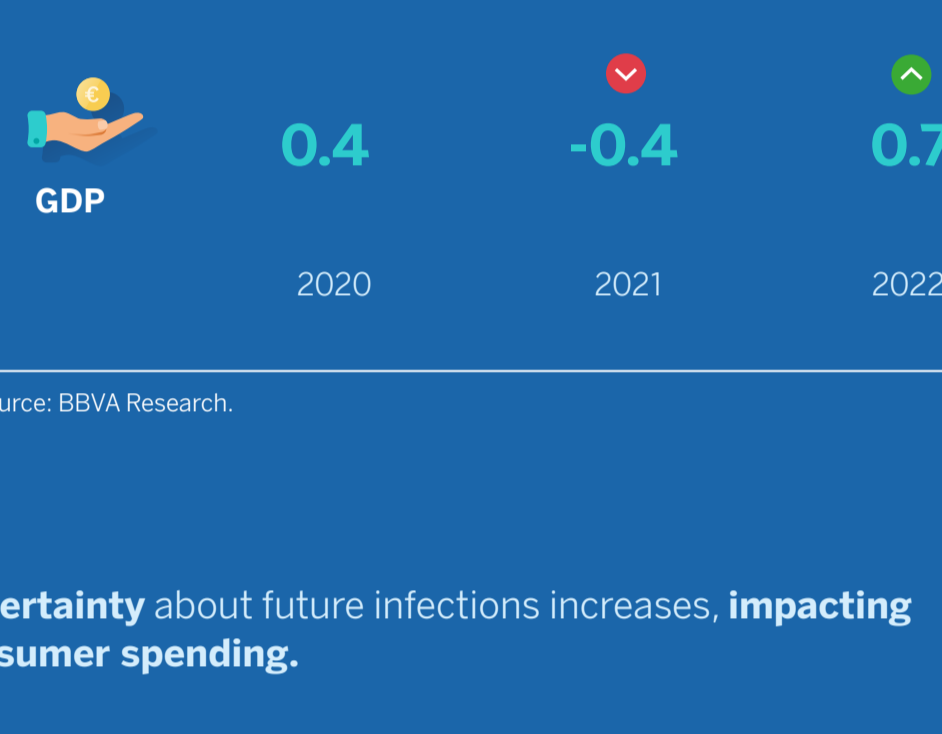
2021

Growth in 2021 is revised downward

Activity barely **increased in 4Q20.**

Lower than anticipated progress in the **EMU** impacts **national activity.**

SPAIN: IMPACT OF THE REVISION OF EMU GROWTH (PERCENTAGE POINTS OF Y/Y GROWTH RATE)



Source: BBVA Research.

Uncertainty about future infections increases, **impacting consumer spending.**

IN-PERSON EXPENDITURE WITH CARD* (Y/Y GROWTH, %)



*In-person expenditure with cards issued by BBVA plus expenditure at BBVA POS by non-customers. Provinces with highest 7-day cumulative incidence (CI7): Provinces with cumulative incidence of COVID-19 cases per 100,000 inhabitants 50% higher than the Spanish average in the fourth quarter of 2020. Source: BBVA Research based on BBVA and Ministry of Health data.

Increase in people affected by a **Temporary Redundancy Plan (ERTE)** and **self-employed with benefits**, mainly in the **hospitality sector.**

Demand for credit weakens.

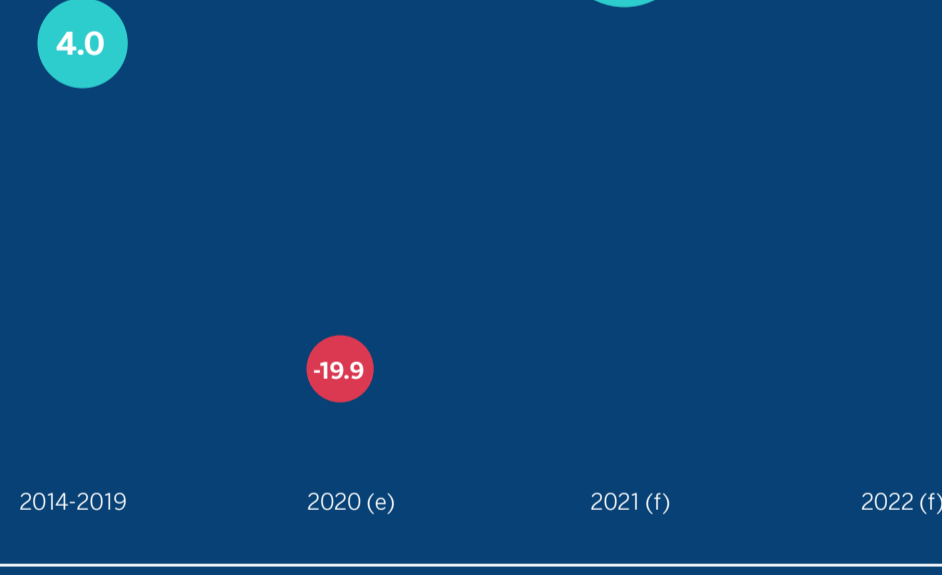
2022

GDP is expected to accelerate as 2022 approaches

Advances in vaccination could support **the recovery in expenditure.**

Widespread inoculation at the European level would favor **the foreign sector.**

SPAIN: EXPORTS OF GOODS AND SERVICES (Y/Y GROWTH, %)

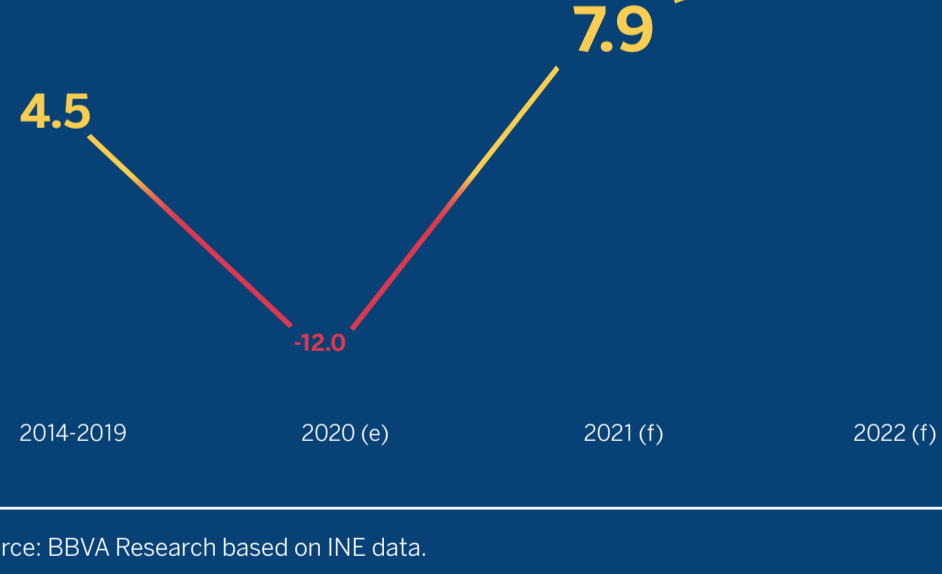


Source: BBVA Research based on INE data.

Spanish National Budget is committed to **expansive fiscal policy in 2021.**

The **Next Generation EU** will have an **increasing effect over time.**

SPAIN: GROSS FIXED CAPITAL FORMATION (Y/Y GROWTH, %)



Source: BBVA Research based on INE data.

Impact of new **ICO** and **TLTRO III** credit conditions.

Risks

Controlling the disease may take longer.

Fiscal pressure has **increased** compared to other recessions.



Source: BBVA Research based on Ministry of the Treasury data.

Solvency problems.

Not taking the necessary steps to create the conditions for a **more vigorous and sustainable recovery.**