Spain:

Macroeconomic and financial outlook

CaixaBank Research

January 2022

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CaixaBank

Main messages

Activity

- **COVID-19 cases in Europe are booming due to the omicron variant.** Daily contagions are reaching historical maximums in most western countries, especially in Spain, France and the UK. However, the number of severe cases and deaths remain moderate thanks to the high share of the population fully vaccinated (80% of population), the speed at which the booster dose is being administered to the risk population, and the lesser severity of infections caused by the omicron variant.
- **Q3 GDP growth estimate has been increased substantially.** The national statistical office (INE) revised quarterly GDP growth upwards in Q3 2021 to 2.6% (+0.6 p. p.). The revision on private consumption growth stands out, moving from a 0.5% decline to a 1.0% increase, a figure more in line with the strong performance of the labor market displayed during the third quarter of 2021.
- **Electricity prices keep putting pressure on prices.** Headline inflation reached 6.7% in December although core inflation remains well below the headline rate (2.1%). Inflation is likely to remain above 5% all throughout the first half of 2022.
- **Further details are warranted to assess the impact of the new omicron variant on the economy.** While infections have increased substantially, the stress on the health system has remained at levels that have not induced authorities to re-enact severe measures to curb activity and/or mobility. We will revise GDP forecasts as soon as we obtain further clarity on the impact of the epidemiological situation.

Banking sector

- **Credit risks in the banking system remain contained.** The NPL ratio stood at 4.36% in October, 46 bps below the pre-covid level of February 2020. Most debt moratoria have already expired (non-expired moratoria decreased to 0.5% of household and NFC loans in 3Q21) and NPLs on expired moratoria remain contained at 7,6%. As for loans with public guarantees, both the NPL ratio and the share of Stage 2 loans are in line with EU levels. In terms of new lending, there has been a strong rebound of activity in mortgages (exceeding pre-covid levels) while consumer loans are lagging due to the strong savings generated during the pandemic.

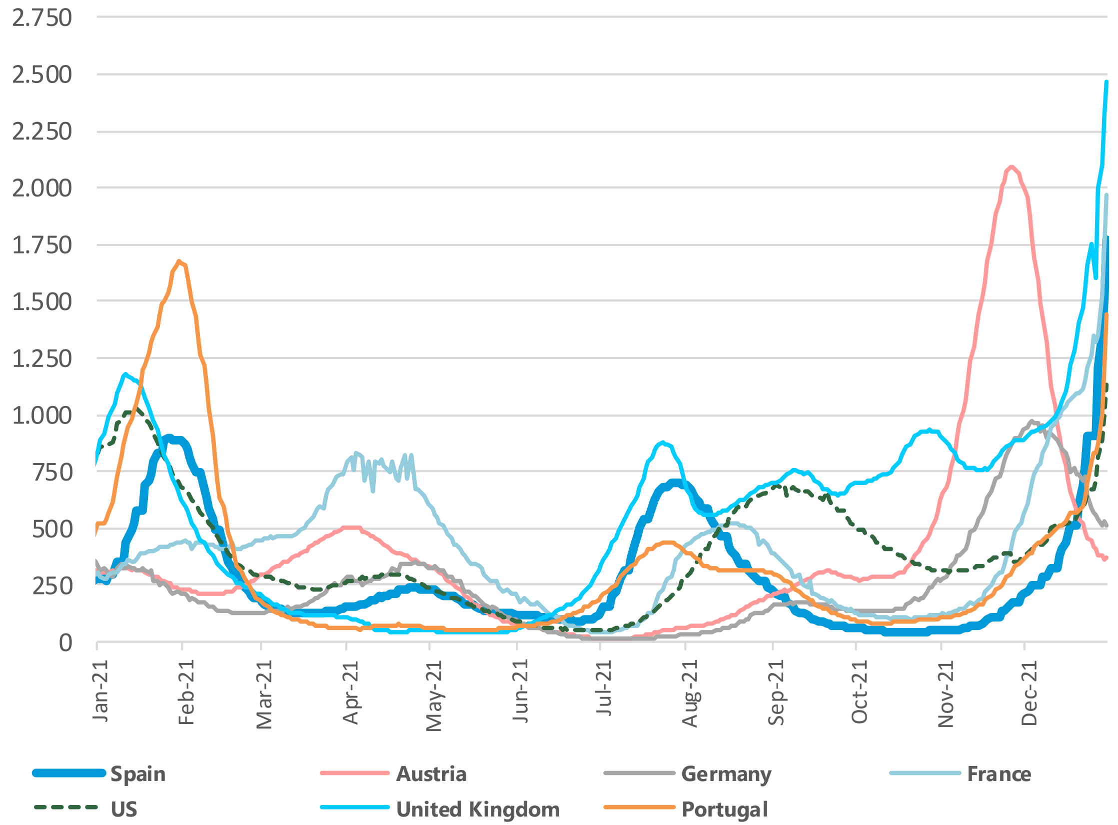
Policy

- **Domestic restrictions have tightened slightly but remain far from the measures seen early 2021.** Regional governments are responsible for tightening or easing restrictions. To answer the threat of rising infection numbers, some regions now request their population to produce proof-of-vaccination before gaining access to restaurants and other type of commercial and/or leisure type of establishments. Some regions have also reintroduced night curfews.
- **The policy response is offering significant support to the economy** with a portfolio of direct measures and public guarantees. Furlough schemes (which have been extended, under different conditions, until the 28th of February) have been very effective in cushioning the shock.
- **The government funding needs should be covered without difficulties**, helped by ECB purchases, plenty of liquidity available and low interest rates. Public debt stands at c.120% of GDP (30pp in the hands of the ECB).
- **The Government is delivering on the Recovery and Resilience plan** albeit at a slower pace than expected. Recently, it has passed the new labor market reform, with the agreement of trade unions and the CEOE (represents the business community), a key requirement for subsequent disbursements of NGEU funds. The European Commission released the 10bn fund tranche at the end of December, as expected. A new disbursement of funds (12bn) is expected by June 2022.

A new wave of contagion sweeps across Europe

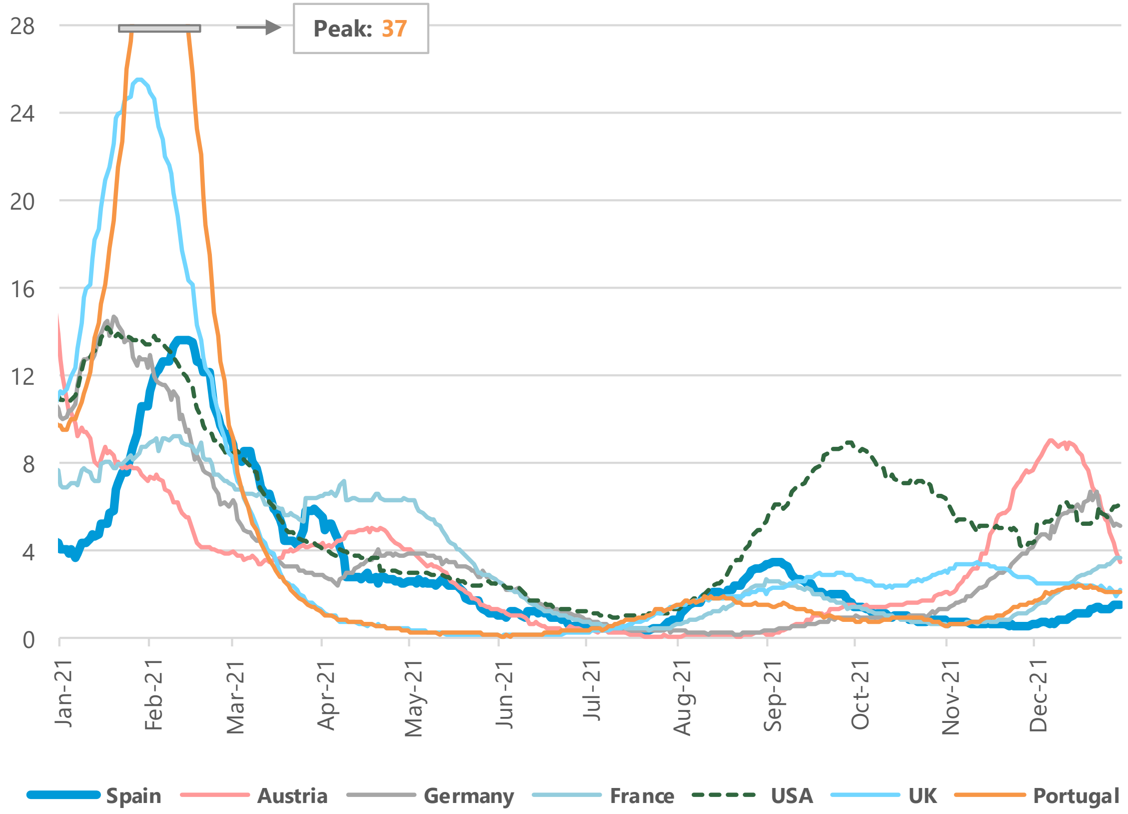
COVID-19 cumulative incidence

Infections per 100k inhabitants accumulated in 14-day



Deaths caused by COVID-19

Deaths per 100k inhabitants accumulated in 14-day

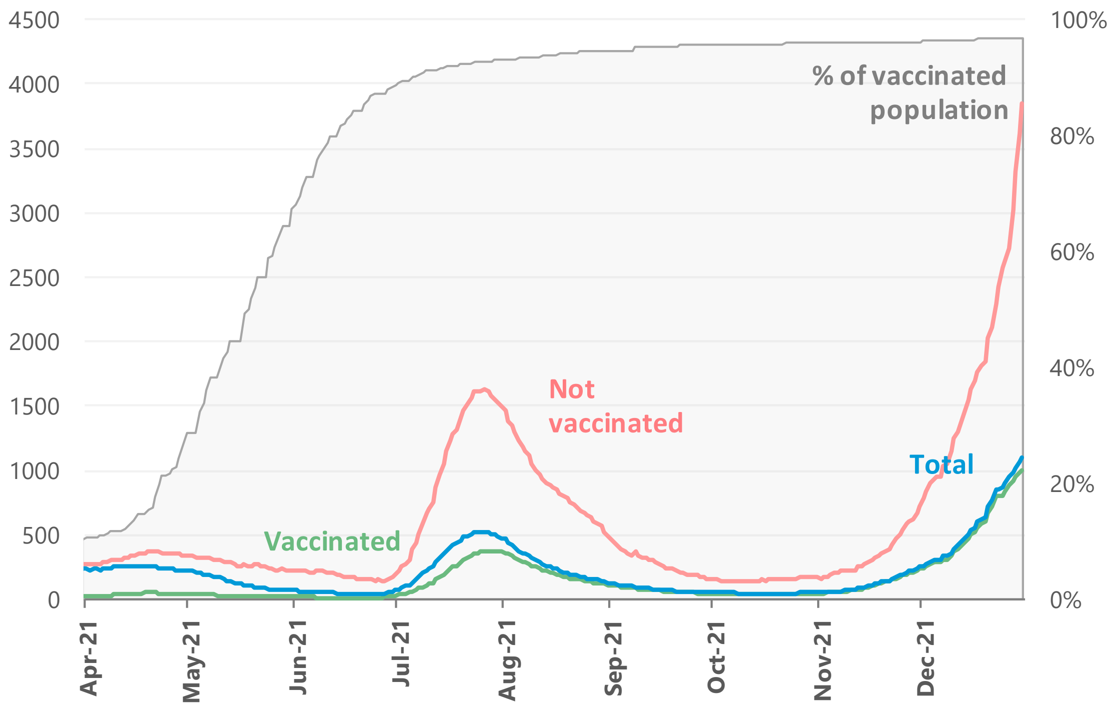


- **The omicron variant is becoming dominant in western countries**. Preliminary studies show that this new variant is more contagious, more likely to cause reinfections but is much less propense to cause severe symptoms. Full vaccinations remain effective against severe cases but not against infections. However, some studies show that a booster dose of the vaccine could increase protection against infections to 70%.
- **COVID-19 cases in Europe are booming due to omicron variant**. Daily contagions are reaching historical maximums in most western countries, especially in Spain, France and the UK. However, the number of severe cases and deaths remain moderate thanks to the high share of the population fully vaccinated (in Spain, 80% of the population), the speed at which the booster dose is being administered to the risk population, and the lesser severity of infections caused by the omicron variant.

The vaccine is still key to avoid a severe new wave

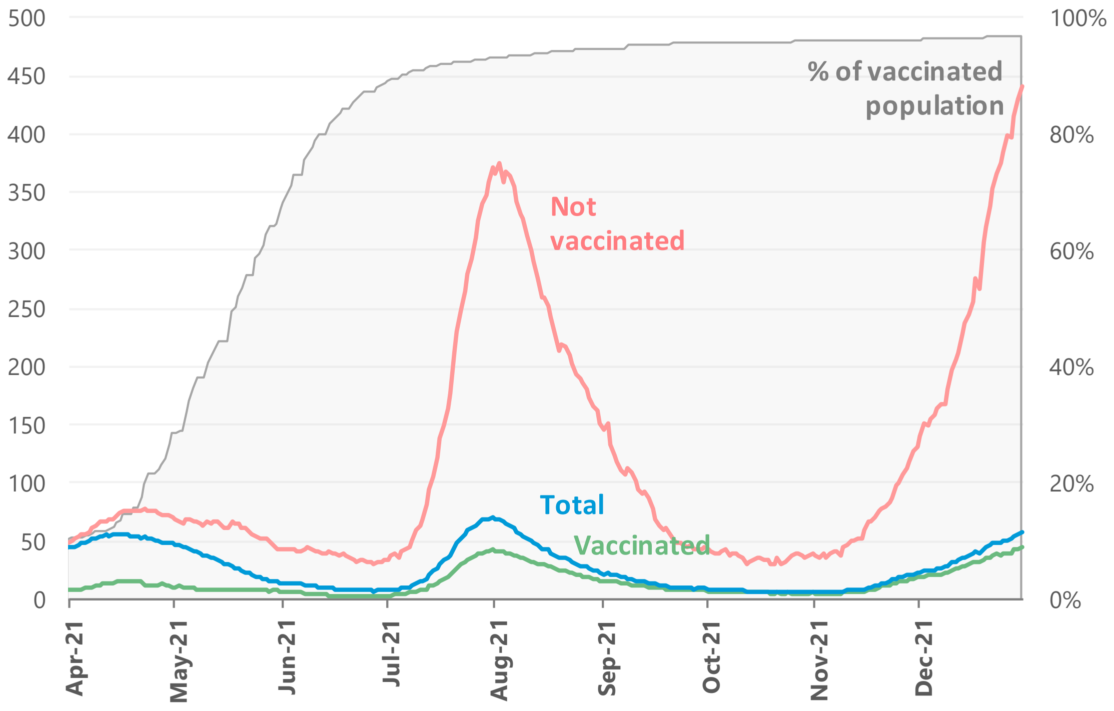
COVID-19 infections of people >50 years: the case of Catalonia

Cumulative 14-day rolling cases by 100k inhabitants by vaccination status group



Hospitalizations of people >50 years: the case of Catalonia

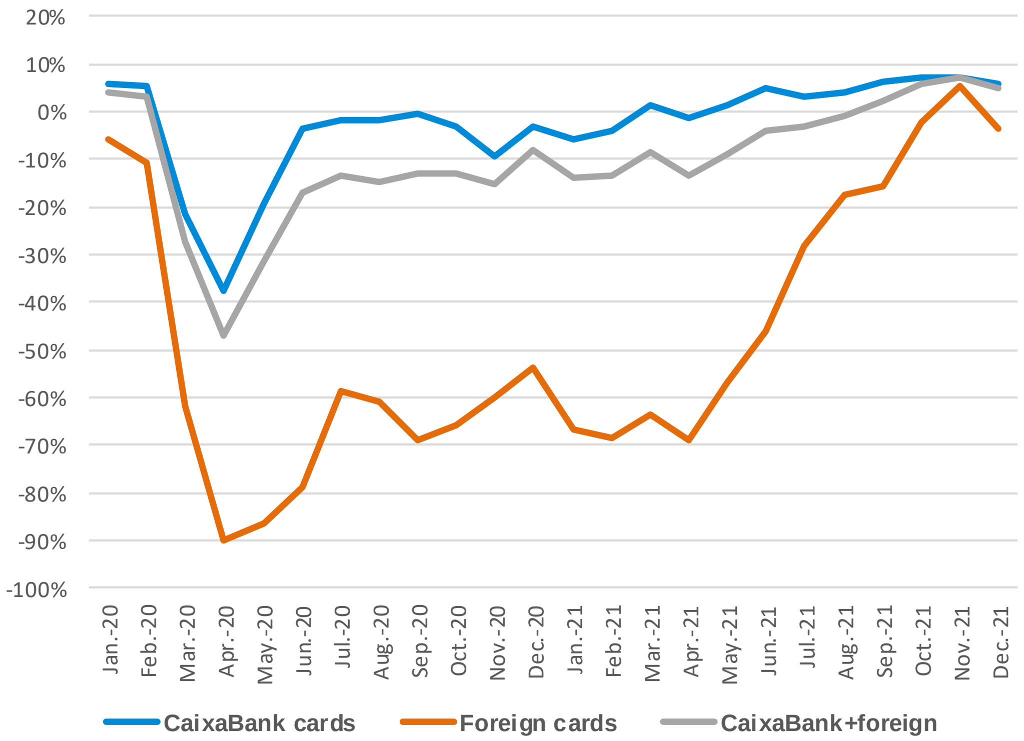
Cumulative 14-day rolling hospitalizations by 100k inhabitants by vaccination status group



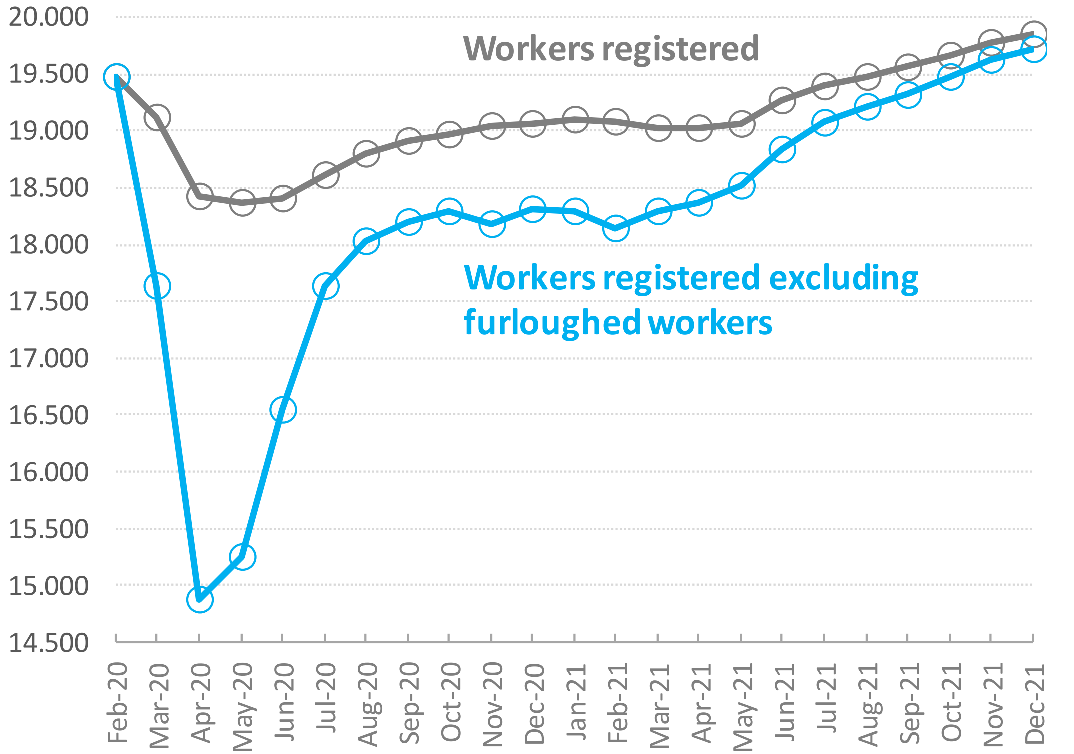
- **In Spain, daily contagions are rapidly increasing, however the high share of vaccinated population (80% of total population, 97% of population over 50) should help avoid a severe new wave.** While incidence on a 14-day cumulative rolling window in Spain reached a historical maximum of 1,775 cases per 100k inhabitant at the end of December, pressure on the health system remains far from the maximum registered in January 2020, albeit it is trending up (19% of ICU beds are occupied by COVID-19 patients in Spain vs 45% in January 2020).
- **Based on public data from Catalonia by vaccination status, we estimate that the vaccine is still very effective among the population over 50 years: contagions and hospitalizations are 74% and 90% respectively lower among vaccinated.** Population over 50 have accumulated 77% of hospitalizations, 98% of deaths, and only 30% of contagions during the pandemic. While COVID-19 daily infections are likely to remain high in the coming weeks, we think that the upcoming wave should not put the national health system under levels of stress like those observed between March 2020 and February 2021.

Peak growth is behind us, but the pace of recovery remains elevated

Card activity (point of sale + e-commerce + ATMs)
Change with respect to same period 2019 (%)



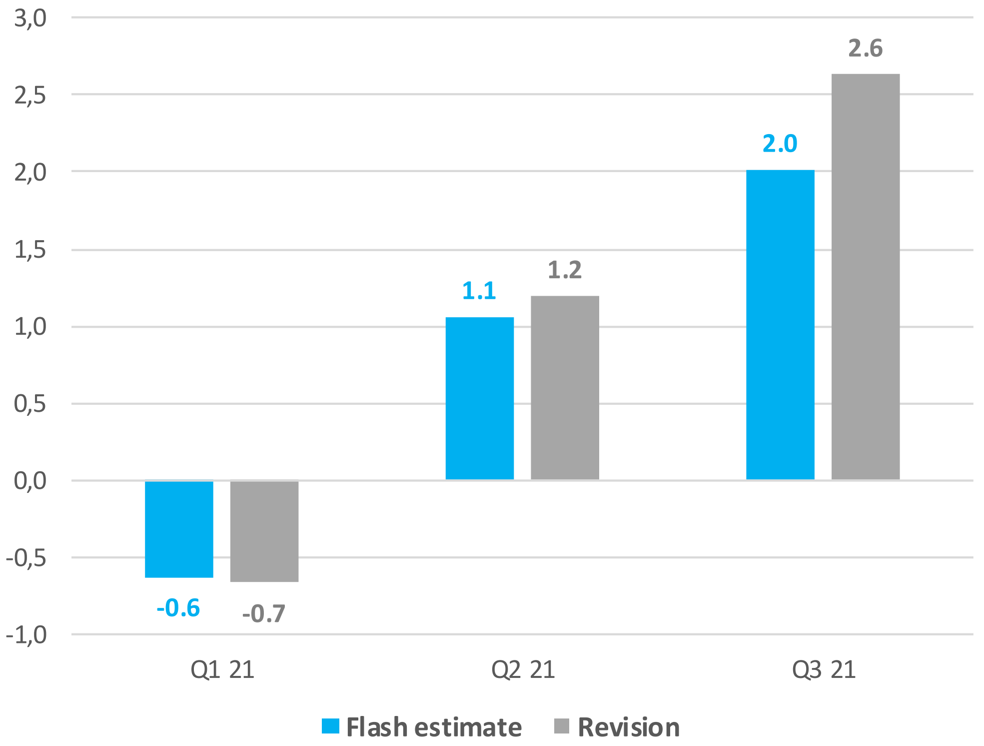
Workers registered to Social Security System
Thousands



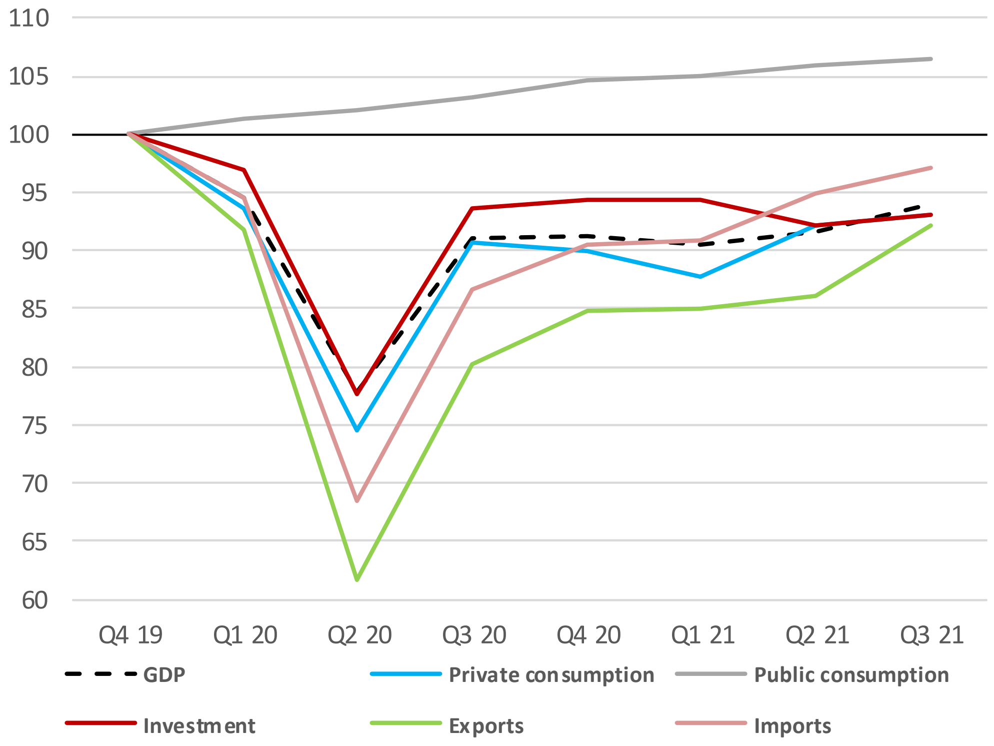
- **CaixaBank card data points to a slight slowdown in consumption growth**. Domestic consumption grew by 5.7% in December (with respect to 2019), a figure moderately lower than that registered in October and November (7.2% in both months). However, taking Q4 2021 as a whole consumption grew by 6.7%, 2.4 p. p. above what it did in Q3 2021. Regarding foreign cards, the pattern is similar: growth in December was below that observed in November (-3.6% and 5.3%, respectively), but growth for the quarter was substantially above that of Q3 (-0.3% vs -20.8%, respectively).
- **Indicators of economic activity in December remain strong despite the new wave of contagions.** In December, employment added 71k workers in seasonally adjusted terms and is now 1.9% above the level in February 2020. In addition, workers in a furlough scheme (as of last day of the month) declined by 15k (125k left). Confidence indicators remain elevated as well. Both the manufacturing and services PMI are well above the no-change threshold (50 points), at 56.2 and 55.8 points, respectively, and point towards a strong pace of recovery in Q4 2021. Nevertheless, and particularly within the manufacturing sector, the PMI data continues to convey heightened concerns regarding mounting input price pressures as a result of disruptions in global supply chains.

Upward revision to Q3 GDP growth figure

Quarterly GDP growth
Percentage change (%)



GDP Q3 2021: Components of demand
Index (Q4 2019 = 100)

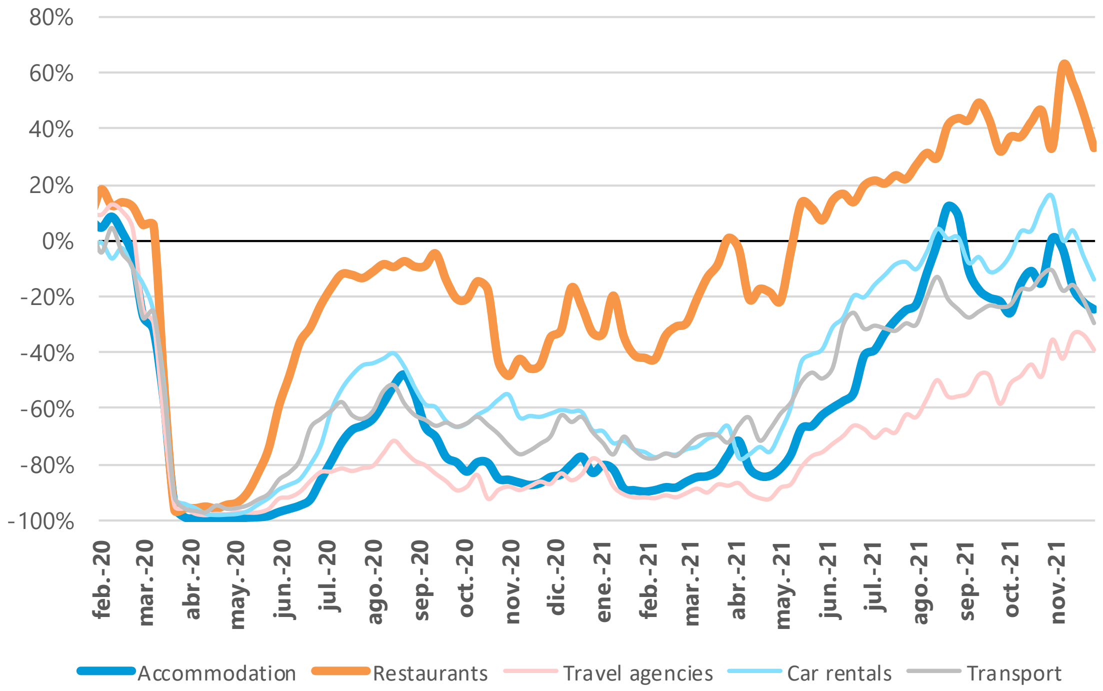


- **GDP growth estimates have been increased substantially.** The national statistical office (INE) revised quarterly GDP growth upwards in Q3 2021 to 2.6% (+0.6 p. p.). The revision on private consumption growth stands out, moving from a 0.5% decline to a 1.0% increase, a figure more in line with the strong performance of the labor market displayed during the third quarter of 2021 (employment net of furloughed workers grew by 3.4% qoq in Q3). Following the revision, GDP in Q3 2021 stood 5.9% below Q4 2019 levels (previously, -6.6%).
- **Further details are warranted to assess the impact of the new omicron variant on the economy.** While infections have increased substantially, the stress on the health system has remained at levels that have not induced authorities to re-enact severe measures to curb activity and/or mobility. As soon as we obtain further clarity on the impact of the epidemiological situation, we will revise GDP forecasts, to account for such developments as well as the revision of the Q3 2021 GDP growth figure.

The recovery takes a pause amid rising COVID-19 concerns

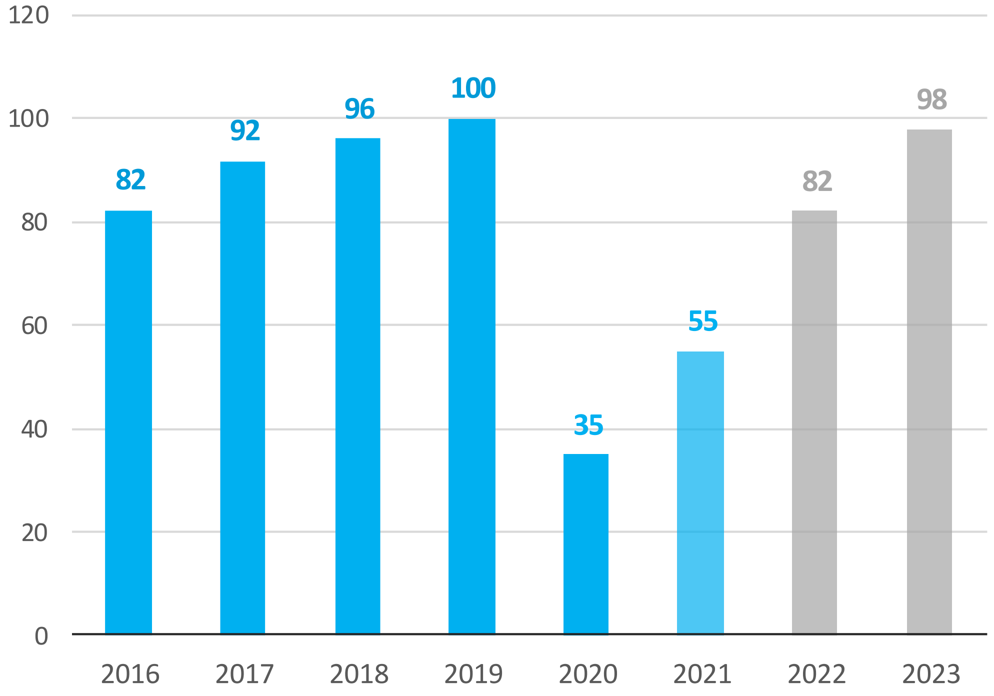
Card activity (point of sale) in tourism related businesses

Change with respect to the same week of 2019 (%)



Tourism GDP forecasts

Index (2019 = 100)

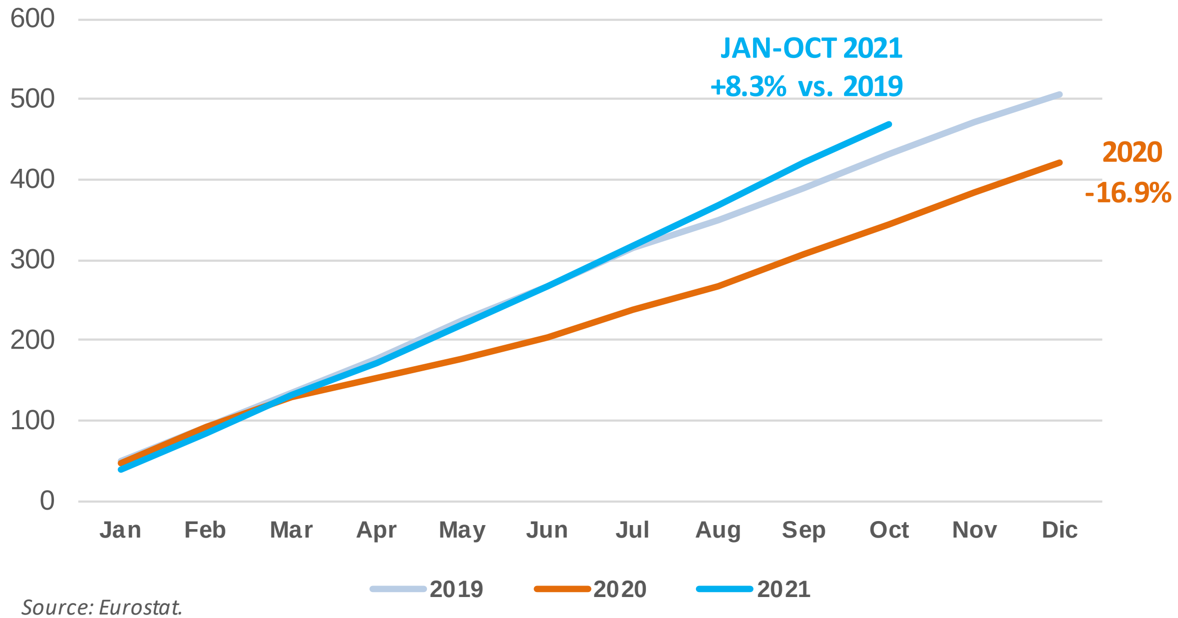


- **Tourism activity slightly moderated in November:** CaixaBank internal data shows that expenditure on tourism related activities deteriorated with respect to October due to a moderation in domestic tourism. Monthly credit card expenditure in accommodation (hotels and similar) was 16% below November 2019. Spanish credit card payments in accommodation were 4% above the same period of 2019 (-22% in September), while foreign card expenditure in accommodation improved significantly and reached a level 26% below the 2019 reference. For the coming months, we expect a moderation in tourism activity due to the restriction measures triggered by the rapid increase of COVID-19 contagions.
- **We estimate that tourism GDP increased by 57% in 2021 (55% of 2019 level).** For 2022 we expect a drop of tourism activity in January and part of February, due to the recent wave of COVID-19 infections. However, as the wave recedes, international mobility should resume, which we expect will result in a solid recovery of the tourist sector for the year as a whole.
- **Fundamentals remain strong despite the current shock.** The Spanish tourism industry is one of the most competitive worldwide and its recovery will continue as vaccines become more widespread and international mobility flows normalize. We expect tourism activity to recover pre-pandemic levels at de end of 2023.

The real estate sector gains momentum

Housing sales

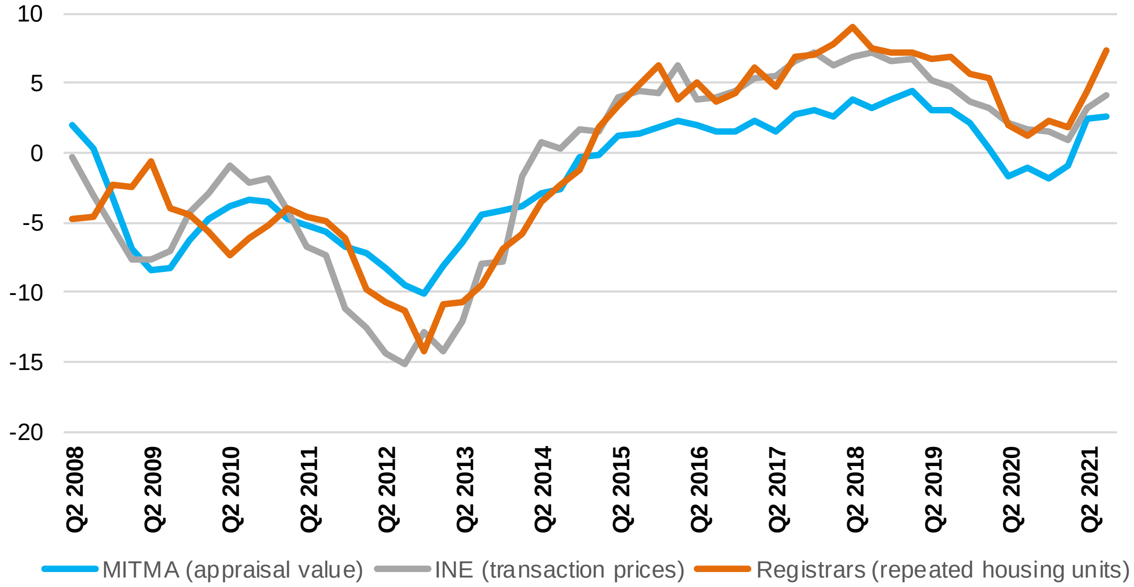
(Thousand, cumulative over the year)



Source: Eurostat.

Housing prices

Year on year (%)

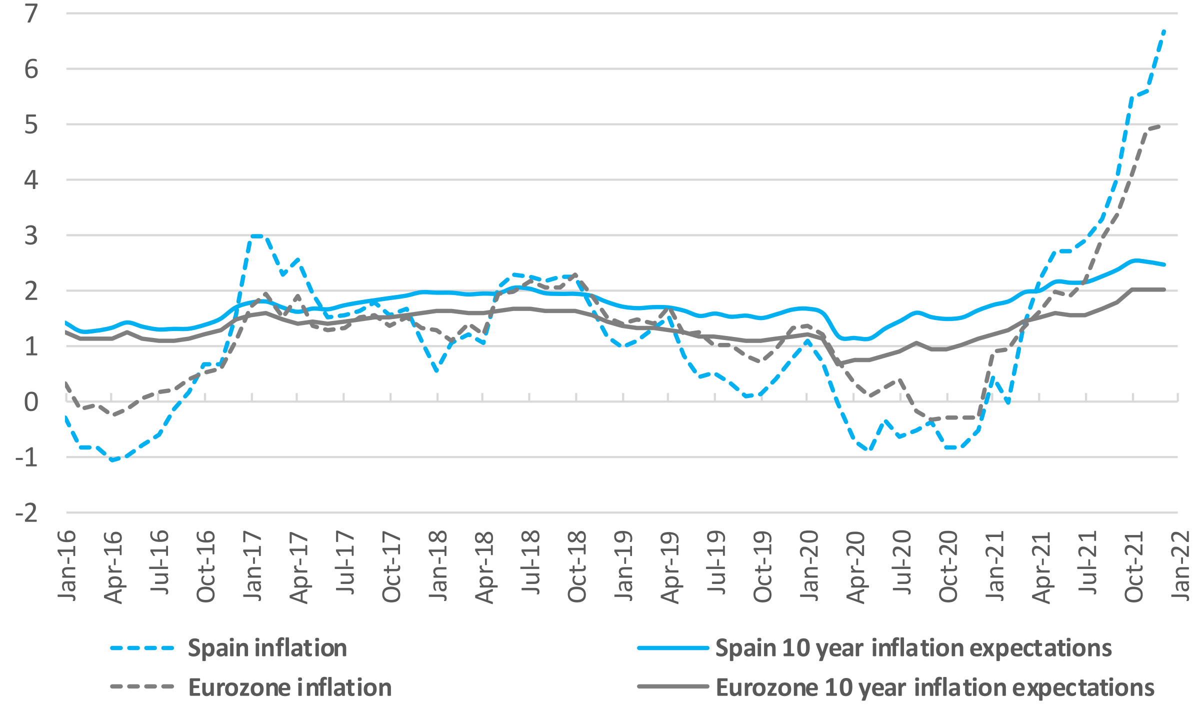


Source: INE, Ministry of Public Works, Association of Registrars.

- **Housing sales continue to exhibit solid gains** (+8.3% cum. Jan-Oct. with respect to the same period of 2019). We increase our forecast to 545k units in 2021 (505k in 2019). In 2022, the factors that support housing demand will remain very supportive (job creation, financing conditions, foreign demand) but some temporary factors will lose steam (pent-up demand, excess savings invested in real estate market). Hence, we expect transactions to stabilize at around 500k, close to the pre-pandemic figure.
- **Building permits are recovering at a slow pace** due to the presence of bottlenecks (labor shortage in several specialized jobs, price increase of raw materials) and uncertainty (evolution of the pandemic, speed of economic recovery, regulatory changes). We project building permits to reach ~105k and ~110k in 2021 and 2022, respectively, compared with 86k in 2020 and 106k in 2019.
- **Real estate prices exhibit an upward trend** because of a temporary decoupling of demand (fast recovery) and supply (slowly catching-up). In Q3 2021, housing prices increased by 4.2% yoy (transaction prices), 2.6% yoy (appraisal value) and 4.5% yoy (registrars' index based on transactions on the same housing units). We project an uptick of real estate prices in the next few quarters as increased construction costs may add some price pressure (estimated at around 0.6-1.2 pp.) and favorable financing conditions will continue to draw interest in real estate investment.
- In the long term, we expect housing prices to grow more in line with households' gross disposable income. While other European housing markets appear to be overvalued according to some ECB's metrics, the Spanish market does not yet present signs of overvaluation. In addition, the fundamentals of the Spanish real estate market are solid (no excess supply or indebtedness from households or real estate developers) and residential investment as a percentage of GDP is well below the previous cycle (5.6% of GDP in Q3 2021 vs. 11.8% of GDP in 2006). Therefore, **the risks of a formation of a housing bubble and sharp corrections afterwards are contained**. Nevertheless, a long period of low interest rates may lead house prices above fundamentals, so this situation must be monitored closely.

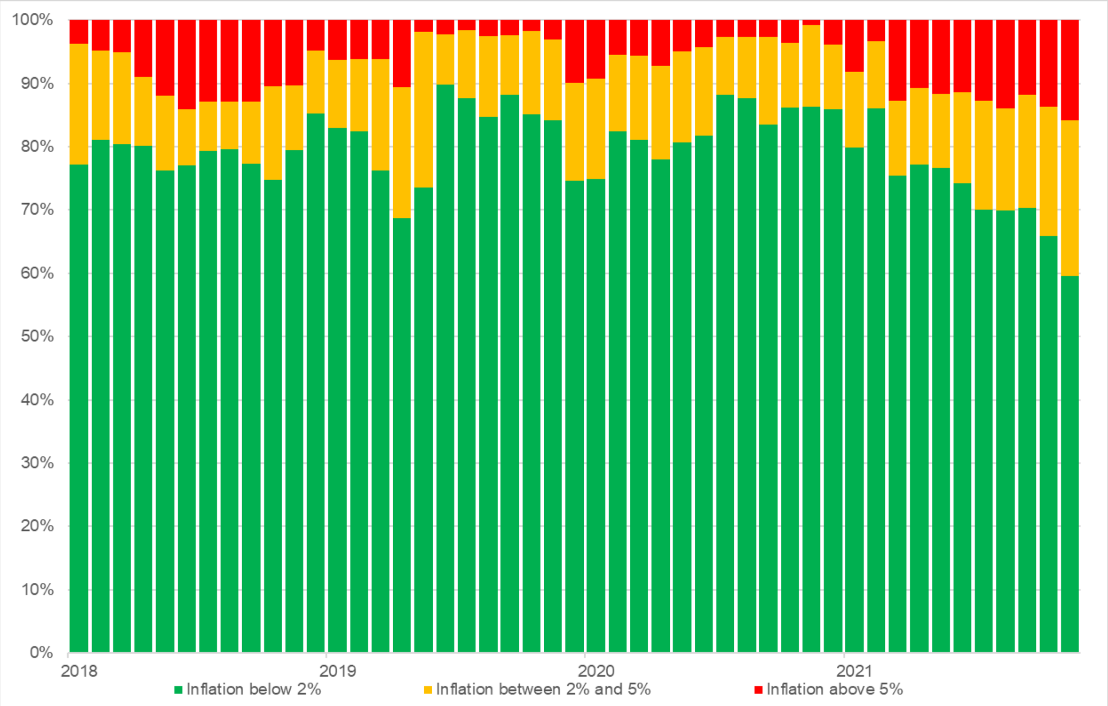
Inflation hits new peak on the back of electricity

Headline inflation and long-term inflation expectations



The inflation traffic light: monitoring CPI's 221 components

% of the consumer basket



- **Inflation dynamics in Spain have been mainly driven by energy prices over 2021**, an effect likely to be sustained into Q1 2022. This particularly reflects the strong pressure exerted by electricity prices since March (wholesale prices remain above 200€/MWh in December, vs. a pre-pandemic level of 50€/MWh).December's headline inflation reached historical levels (6.7%) although core inflation remains well below the headline rate (2.1%).
- **Supply bottlenecks are likely to put further pressure on prices.** Firms are likely to pass on to the consumers increased production costs triggered by disruptions in global supply chains. A range of factors are at the root of such disruptions, including, among others, a faster recovery of global demand than supply and pandemic related disruptions in South-East Asia.
- **The spike in inflation is likely to dissipate in the second half of 2022**: i) energy prices should fall substantially in 2022 (as winter demand pressures vanish and natural gas reserves in Europe are replenished), although are not likely to revert to pre-pandemic levels (given the increased demand from Asian countries and cost of CO_2 emissions); ii) production disruptions and supply bottlenecks are expected to subside next year (the risk is that these persist and cause substantial second-round effects on core inflation).
- **Inflation expectations remain anchored around target.** Despite the strong upswing in inflation in 2021, ten-year ahead inflation expectations remain close to their long-term 2% target both in Europe and Spain.

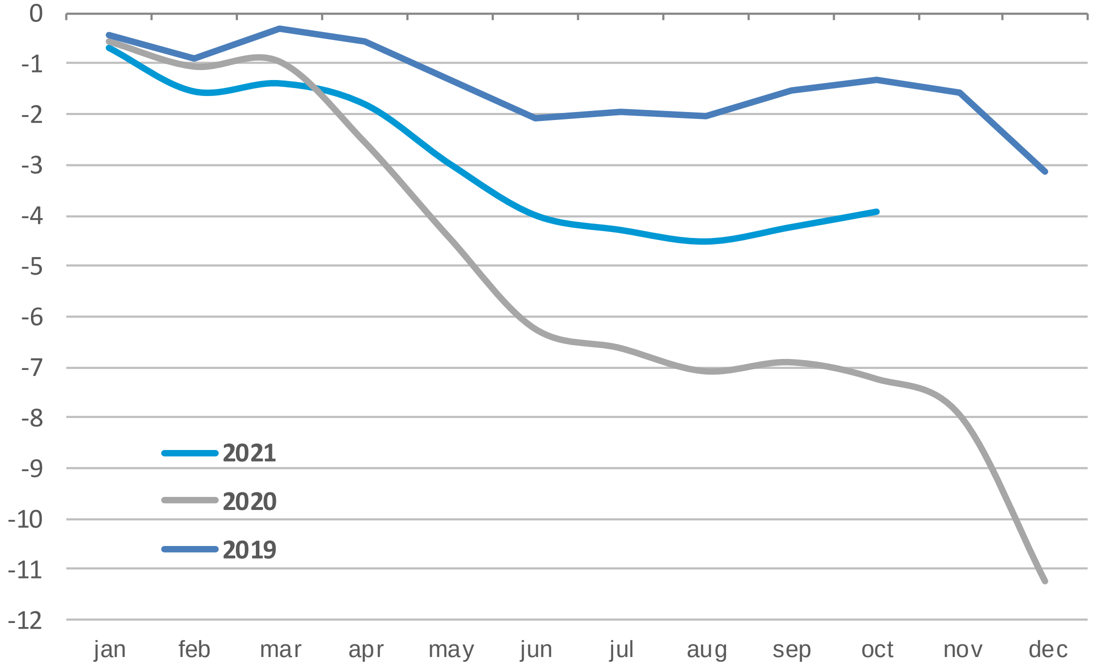
Increase in public revenues and spending in 2022

Government's draft budgetary plan 2022 (excluding NGEU)

Key elements	% GDP 2019	% GDP 2022	2021-2022 change (EUR billions)	2019-2022 change (EUR billions)	2019-2022 growth rate (%)
Total revenue	**39.2**	**39.8**	**23.1**	**34.5**	**7.1**
Indirect taxes (VAT,...)	11.5	11.3	10.0	5.2	3.7
Taxes on income and wealth	10.4	11.1	4.7	16.3	12.6
Social contributions	12.9	13.2	7.6	12.6	7.9
Total spending	**42.1**	**44.7**	**-13.0**	**63.0**	**12.0**
Worker salaries	10.8	11.4	3.3	15.1	11.3
Social transfers (excl. unemployment)	16.9	18.1	7.8	27.1	12.9
Unemployment schemes	1.5	1.8	-6.6	4.9	26.5
Interest payments	2.3	2.0	0.9	-2.4	-8.3
Balance	**-2.9**	**-5.0**	**+36.1**	**-28.6**	**...**

Note: Projections incorporating the macroeconomic impact of the NGEU plan.

Public net lending needs (-) or capacity (+)
(% GDP)



Source: CaixaBank Research based on State Public Accounts data.

- **Deficit 2021**: Budgetary execution points to a lower deficit than expected (below 8.0% of GDP) thanks to the recovery of fiscal revenues (+16.1% yoy until October, and 5.2% w.r.t. Jan-Oct 2019).
- **Spending 2022:** It is forecast to reach 44.7% of GDP in 2022 (42.1% in 2019). Increase of €63bn with respect to 2019. Strong increase in structural spending w.r.t. 2019: salaries (+€15.1bn), pensions, minimum vital income and other social transfers excl. unemployment (+€27.1bn). The two items combined are equivalent to 3.4% of 2019 GDP.
- **Revenues 2022:** The Government expects revenues will reach 39.8% of GDP in 2022 (39.2% in 2019). In nominal terms, it entails an increase of €34.5bn with respect to 2019. By categories, we highlight the increase, relative to 2019, of taxes on income and wealth (+€16.3bn) and social contributions (+€12.6bn).
- **Assessment budget 2022:** The Government public deficit target of 5.0% in 2022 is reasonable but the lack of measures to tackle structural spending is a cause of concern.

NGEU funds: updates and what is in the pipeline for Spain

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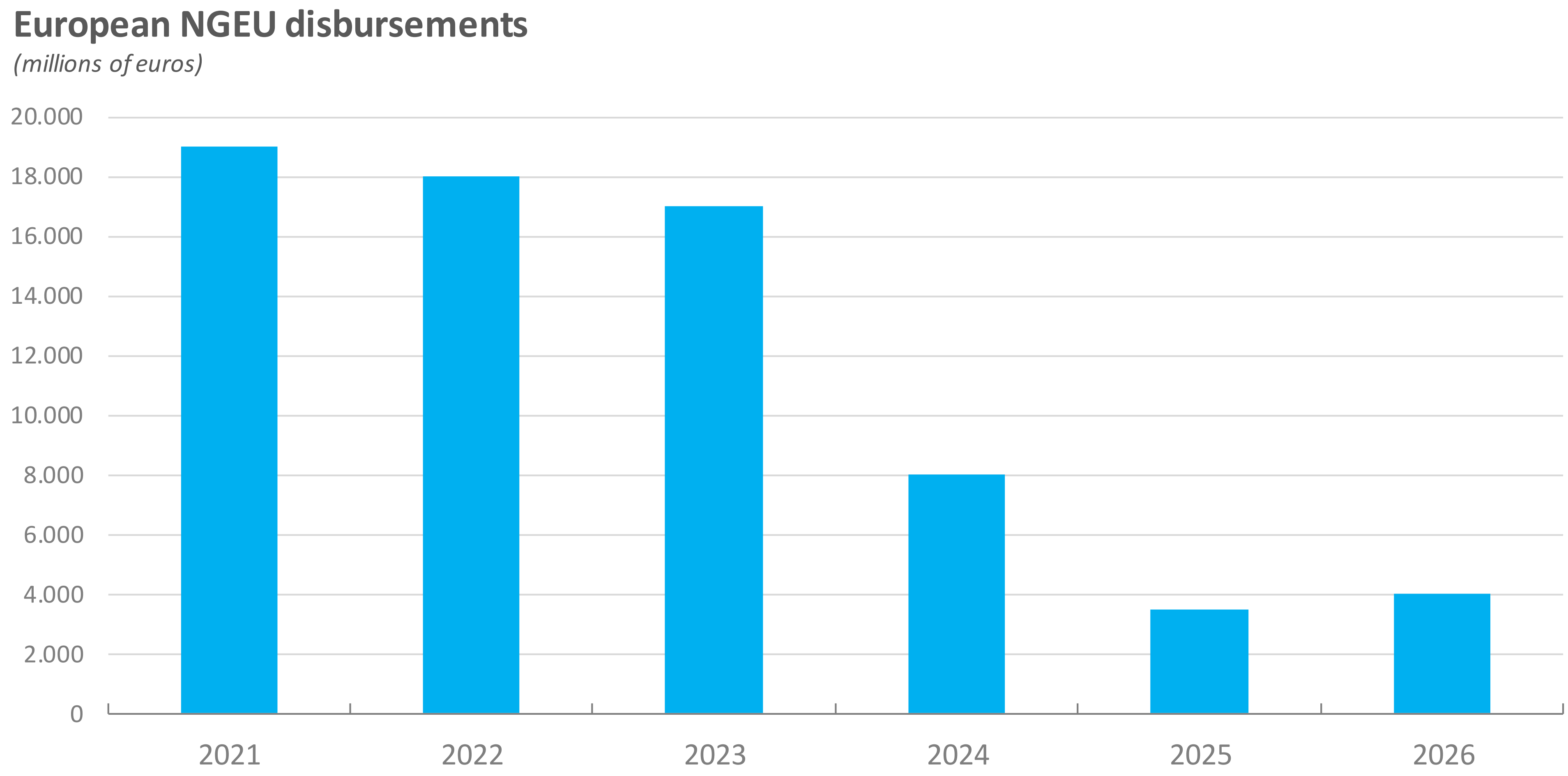
Running projects	▶ **Mobility**: Low emissions zones and renovation urban transport (€1bn allocated to autonomous regions), specially in cities of more than 50,000 inhabitants. PERTE to produce a 100% Spanish connected electric vehicle (€4.3bn public spending, €24bn in total). ▶ **Real estate:** Housing renovations 510,000 homes (2021-23 €3.4bn) with subsidies between 40% and 80% of total renovation costs conditional on the energy savings of the renovation. Transfer of €1.15bn to autonomous regions already activated ▶ **Education:** Digitalisation of education and universities (€1bn) and Strategic Plan to foster vocational training (€0.3bn).
Investments at initial stages	▶ **New PERTE:** Renewables and green hydrogen (Public investment: €6.9bn) . First calls will be opened in 2022. Focus on the promotion of the renewable hydrogen value chain and R&D projects in energy storage. ▶ **Sustainable mobility**: €0.5bn to digitalise electricity distribution networks and boost the charging infrastructure for electric vehicles on public roads. ▶ **Digitalisation:** Digital Kit (€3bn) to give digital bonds to SMEs and self-employed (website pages, Internet, E-commerce, cybersecurity...). First open call imminent (€0.5bn for companies between 10 and 49 employees).
Recent reforms (proyectos de ley aprobados)	▶ **Labour market reform:** agreement between the government, CEOE and trade unions: • **Collective bargaining**: *Ultraactividad* of the agreements (the agreement remains valid during the negotiation of its renewal). The primacy of sectoral agreements is recovered over those at company level in wages and hours. • **Temporary hiring:** The range of temporary contracts is reduced, but companies continue to have room for this type of contract. The structural contract is created, for unforeseen causes of increased production (max. 12 months) and for seasonal jobs (max. 90 days) and the training contract for young people. In indefinite hiring, a discontinuous fixed contract is reinforced for seasonal jobs, recognizing the period of seniority for workers. • **Internal adjustment mechanism:** ERTEs become permanent (economic crises or structural reallocations). ▶ **Insolvency law:** debt relief is facilitated and transposition of the European normative. ▶ **Crea y crece:** Possibility of forming a Limited Liability Company with a social capital of just €1, eliminating the former legal minimum of €3,000.

Expected calendar of European NGEU disbursements



Total: €69.5bn (≈5.6% of 2019 GDP) of non-refundable transfers.

Already received **€19.0bn** after the disbursement of €10.0bn at the end of December

Next disbursement: **€12bn. expected jun-22**

The Spanish banking system:
Economic recovery softens Covid-related concerns (1)

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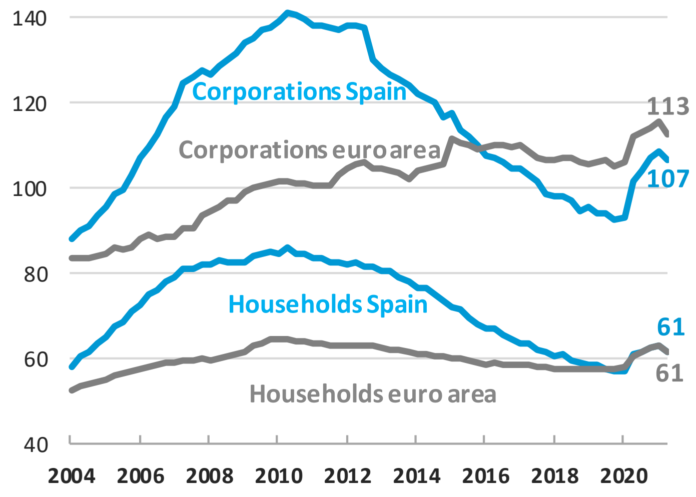
Gross private debt

% of GDP, non consolidated debt.



Note: latest available data Jun-21
Source: ECB, Eurostat

Private domestic credit

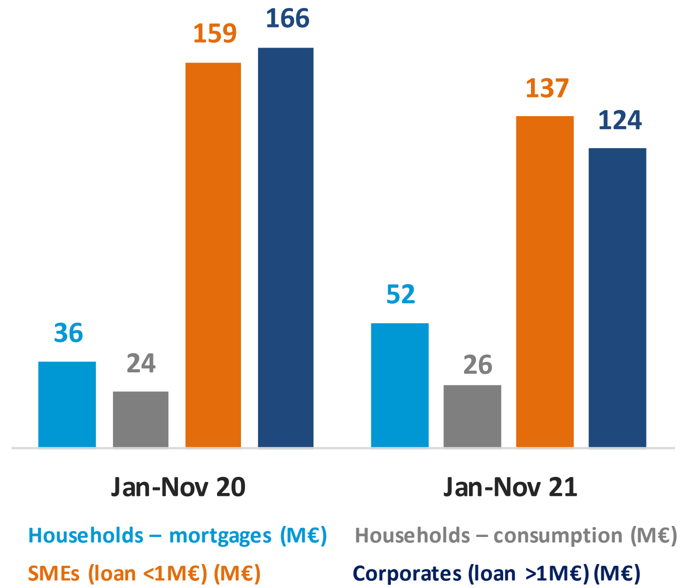
Year on year (%)

	Dec-20	Nov-21 (latest)	2021 (forecast)
	% yoy	% yoy	% yoy
Total credit	2.5%	-0.3%	-0.2%
Households	-1.2%	0.4%	0.5%
Housing mortgages	-1.3%	1.1%	0.8%
Other purposes	-0.8%	-1.6%	-0.4%
Of which consumption	-2.6%	1.5%	0.5%
Businesses	8.2%	-1.2%	-1.2%
Non-real estate developers[1]	12.2%	-1.4%	-
Real estate developers[1]	-5.3%	-3.7%	-

Note: (1) latest available data Sep-21
Source: Bank of Spain

New lending activity by sector

Bn euros



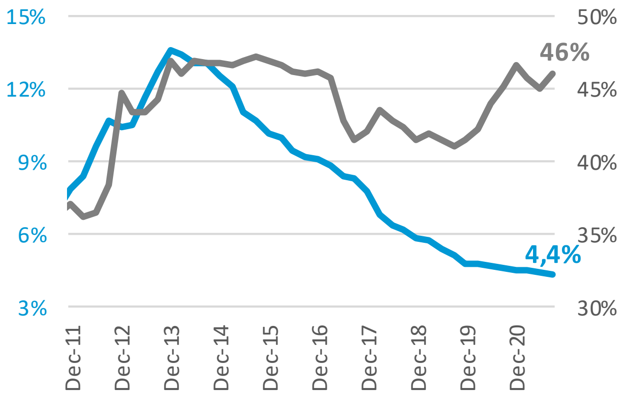
Source: Bank of Spain

- **Corporate debt levels** remain below euro area averages despite the strong pick-up in credit in 2020. Both **household and corporate debt** ratios have fallen from 1Q21 levels due to the GDP rebound, although they remain above pre-pandemic level. We expect a process of gradual deleveraging after the covid crisis.
- **New mortgage production** suffered a sharp contraction during the lockdowns of March-May 2020 but has rebounded strongly since and surpassed pre-covid levels, helped by pent-up demand.
- **New lending for consumption** remains below pre-covid levels due to the high savings generated during the pandemic and the postponement of some consumption decisions until the availability of NGEU funds
- **New lending to corporates spiked in March-June 2020** but demand has declined since. We expect it to recover with the impact of NGEU funds although its take-off is being delayed

The Spanish banking system: Economic recovery softens Covid-related concerns (2)

NPLs and coverage ratios[1]

%



Non expired moratoria[2]
0.5% of loans to households
0.6% of loans to NFC

Cost of risk[3]
0.9% in 2020
0.7% in 3Q21

Note: (1) latest available data Sep-21. (2) Based on EBA data as of Sep-21. (3) Spanish business. Accumulated 12 months based on the average of the 6 largest institutions.
Source: Bank of Spain and Bank's financial statements.

Banks' profitability

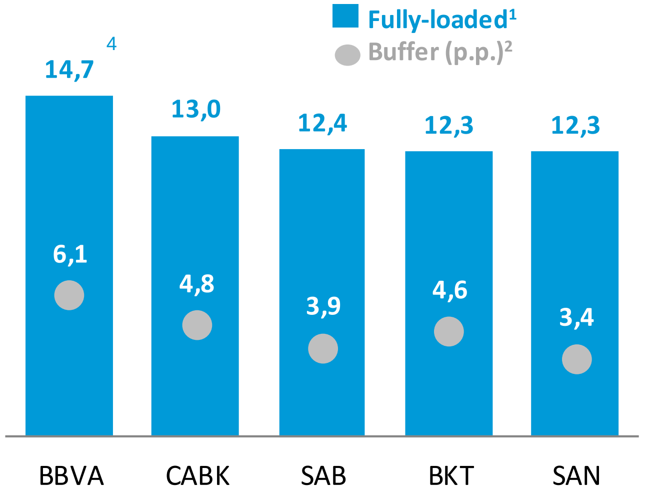
In % of average total assets (Q3 21; trailing 12M)

	CABK	BBVA	SAN	SAB	BKT
Net interest income	**1,0%**	**0,9%**	**1,1%**	**1,2%**	**1,3%**
Net fees	0,6%	0,5%	0,7%	0,7%	0,6%
Gains on financial assets/liab. and others	0,0%	0,1%	0,1%	0,5%	0,1%
Other operating income	0,1%	0,0%	0,0%	-0,1%	-0,1%
Gross income	**1,7%**	**1,4%**	**2,0%**	**2,3%**	**1,8%**
Operating expenses	-1,3%	-0,9%	-1,0%	-1,2%	-0,8%
Impairment losses, tax and others	0,5%	-0,2%	-1,0%	-0,8%	0,7%
Profit	**1,1%**	**0,2%**	**0,0%**	**0,1%**	**1,3%**
Ex M&A impacts	**0,4%**				
ROTE (%)[1]	9,6	5,3	4,6	0,3	9,3

Note: Domestic businesses. ROTE based on internal calculations. (1) Group ROTEs for CABK ex M&A impacts. BBVA include Corporate Centre (only proportion applicable to business in Spain). The same happens in SAN.
Source: Bank's financial statements.

Banks' solvency and liquidity position

In % (Q3 21)



LCR[3]	170%	326%	223%	n.d.	164%

Note: (1) CET1 FL transitional IFRS9. (2) Difference between CET1 ratio fully-loaded and SREP requirement. (3) LCR = liquidity coverage ratio. (4) 13.2% after targeted 10% share buyback.
Source: Bank's financial statements.

- **NPLs remain below 5%,** despite the fact that most debt moratoria have already expired (non-expired moratoria decreased to 0.5% of household and NFC loans in 3Q21 vs a peak of 7.8% in 2Q20). As of 3Q21, the degree of credit quality impairment of loans linked to expired moratoria and with ICO guarantees increased slightly, while in line with the EU average.
- **Nevertheless, banking profitability remains under pressure and the need for further consolidation still exists despite the two recent mergers:**
  - Interest rates are expected to remain low.
  - After a temporary pick-up in loan demand, businesses and households are expected to deleverage so business volumes will not grow as fast as GDP.
  - Banks booked a significant amount of provisions in 2020. Although the cost of risk already improved in 3Q21, it may take some time to reach pre-covid levels.
- **The capital position of Spanish banks provides buffers to adverse economic developments.** Under the adverse scenario, the 2021 stress test of Bank of Spain show that CET1 ratios in aggregate would remain above the regulatory minimum despite falling 2.3 percentage points.

Main economic forecasts

%, YoY, unless otherwise specified	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
GDP	-3,0	-1,4	1,4	3,8	3,0	3,0	2,3	2,1	-10,8	4,4	5,9
Private Consumption	-3,4	-3,0	1,7	2,9	2,6	3,0	1,8	0,9	-12,2	4,6	5,7
Public Consumption	-4,2	-2,1	-0,7	2,0	1,0	1,0	2,3	2,0	3,3	3,1	0,8
Gross Fixed Capital Formation (GFCF)	-7,4	-3,8	4,1	4,9	2,4	6,8	6,3	4,5	-9,5	3,6	7,1
GFCF - equipment	-7,1	2,4	5,6	9,1	1,8	9,2	4,7	3,2	-12,9	14,4	6,5
GFCF - construction	-10,4	-8,2	3,0	1,5	1,6	6,7	9,5	7,1	-9,6	-2,7	7,5
Exports	0,9	4,4	4,5	4,3	5,4	5,5	1,7	2,5	-20,1	11,4	9,2
Imports	-5,8	-0,2	6,8	5,1	2,6	6,8	3,9	1,2	-15,2	11,1	6,3
Unemployment rate	24,8	26,1	24,4	22,1	19,6	17,2	15,3	14,1	15,5	15,1	14,0
CPI (average)	2,4	1,4	-0,2	-0,5	-0,2	2,0	1,7	0,7	-0,3	2,9	2,6
External current account balance (% GDP)	0,1	2,0	1,7	2,0	3,2	2,8	1,9	2,1	0,7	1,5	1,6
General Government Balance (% GDP) [1]	-7,0	-6,7	-5,8	-5,1	-4,3	-3,0	-2,5	-2,9	-11,0	-7,7	-5,3
General government debt (% GDP) [2]	85,7	95,5	100,4	99,3	99,0	98,1	97,6	95,5	120,0	119,9	116,4
Housing prices	-8,7	-5,8	-2,4	1,1	1,9	2,4	3,4	3,2	-1,1	1,9	4,0
Risk premium (vs. 10Y Bund, bps, Dec.)	429	295	149	120	124	120	97	88	86,3	64,6	60,0
Bank credit (to the private domestic sector)	-9,9	-9,4	-7,1	-4,3	-2,9	-1,9	-2,6	-1,2	2,5	-0,2	1,3

Notes: All GDP figures are based on ESA-2010 methodology.

1/ The general government deficit excludes one-off bank restructuring costs of 3.7% of GDP in 2012, 0.3% of GDP in 2013, 0.1% in 2014, 0.05% in 2015, 0.2% in 2016, 0.04% in 2017 and 0.01% in 2018.
2/ General government debt includes ESM/FROB related borrowings equivalent to 3.9% of GDP in 2012.

Source: CaixaBank Research.