Bankia

# Quarterly Earnings Report

## January-March 2020

29 April 2020

# CONTENTS



**Basis of Presentation of the Information**

The Bankia Group audits financial information for the periods closing 30 June and 31 December each year. Consequently, the financial information as at the end of March 2020 and March 2019 contained in this document has not been audited.

# Bankia implements a large number of measures to offer maximum support to households and businesses affected by the COVID-19 crisis.

# The Group closed March 2020 with an attributable profit of 94 million euros after booking extraordinary provisions for COVID-19 of 125 million euros.

**In the current scenario, Bankia has taken the necessary measures to ensure the bank operates normally.**

- The bank has put in place contingency plans and maintenance of services that have allowed over 90% of its branches to keep operating and more than 98% of its automated teller machines (ATMs) to remain in service.
- The majority of the workforce is working remotely (approximately 50% of employees in the branch network and over 94% of central services staff) with no impairment of service quality.
- Bankia's leadership in digital channels has allowed it to strengthen its customer service and made it easier for customers to conduct their operations from home.

**All required protocols for protecting the health of the bank's employees have been activated.**

- Bankia has adopted specific measures aimed at supporting its employees, including telework, shifts and rotation of physical presence in offices, along with diverse flexi-work measures (leaves, early holiday time, reduction of work hours, permissions for employees with young children and others) and family conciliation.

**Bankia has implemented numerous measures aimed at covering the financial needs of its individual customers and businesses, which broaden those announced by the Spanish Government.**

- Bankia has complemented the measures taken by the Government of Spain via Royal Decree Law (RDL) 11/2020, offering its customers principal moratorium of up to 12 months in mortgages and up to 6 months personal loans destined to consumer finance
- Bankia has accumulated close to 19,400 mortgage moratorium requests and approximately 14,100 moratorium requests for consumer finance as a result of RDL 11/2020 and the bank’s own measures.
- For businesses, Bankia is taking an active part in the national government's guarantee program managed by ICO, under which it has received applications for more than 7,320 million euros in loans and credit accounts.
- Bankia has also begun granting bridge financing that will be cancelled when credit begins to be drawn with the ICO guarantee.
- Other initiatives to aid households include the launch of an online mortgage moratorium simulator, early payment of pensions and unemployment benefits, more flexible terms for collection of fees in the "Por Ser Tú” programme, no-fee cash withdrawals in the entire ATM network, instalment payments for insurance premiums and a free service for home delivery of purchases for customers who are pensioners.

## The Group closes first quarter of 2020 with an attributable profit of 94 million euros after booking an extraordinary provision of 125 million euros to cover COVID-19 contingencies.

- The strong performance of net fees and commissions (+9% over March 2019) and net trading income (NTI) have allowed the bank to offset the impact of the 12-month Euribor curve on net interest income, lifting gross income to 823 million euros at the end of the quarter (+1.1% higher than March 2019).
- Operating expenses were largely unchanged (+1.1%) from the first quarter of 2019, keeping the Group efficiency ratio at 56.1%, the same level as at March 2019.
- The Group allocated 125 million euros in the quarter to cover the potential impact of COVID-19 on its loan book and real estate assets. Stripping out this extraordinary allocation, the recurring cost of risk stands at 24 basis points at the end of March 2020.
- The Group closed 2019 with an attributable profit before tax of 247 million euros without considering the impact of the extraordinary provision for COVID-19, which represents a decline of 8.2%, compared to March 2019. After the provision, profit before tax totalled 122 million euros and the attributable profit stood at 94 million euros.

## The performing loan book grows, market shares are up in the key segments and sales of high-value products continue to perform well, despite the impact of COVID-19 on operations in the month of March.

- Although the effect of COVID-19 has curbed the pace of new lending with respect to previous quarters, the performing loan book continues to grow in key segments, primarily in businesses. The data at February 2020 show Bankia's market share rising to 7.74% in businesses (+28 basis points year-on-year) and 6.05% in consumer finance (+44 basis points year-on-year).
- Net flows into mutual funds grew 77 million euros in the quarter, raising the entity’s market share which increases 27 basis points to 7.32% at the end of the quarter (+69 basis points higher than March 2019).
- Bankia's multichannel strategy continues to be a key element in the current environment. In March 2020 digital sales accounted for 40.2% of total sales for the Group and at the close of the quarter 55.3% of the Group’s customers were banking through digital channels.

## Strong balance sheet and high liquidity and solvency levels to reliably withstand the most adverse scenarios.

- The bank's loan portfolio has a low risk profile, due to the mortgage nature of the business, the high coverage of the portfolio and the contained entries of NPLs. At quarter close 57.3% of the loan portfolio is composed of mortgage financing with an average loan-to-value (LTV) ratio of 70.9%.
- At the end of March, the Group's non-performing assets (NPAs) totalled 8,234 million euros, some 1.4% lower than at December 2019. The NPL ratio stands at 4.9%, bringing the coverage level to 55.3%, 1.3 percentage points higher than the level recorded in December 2019.
- The Group carries 30,200 million euros in liquid assets on its balance sheet, 1.3 times its debt maturities. It also has additional sources of funding of TLTRO lines (9,200 million euros) and issuance capacity of over 20,000 million euros.
- Turning to solvency, Bankia recorded a Phase-In CET1 of 13.98% and a CET1 Fully-Loaded of 12.95%. These levels show a strong buffer over the regulatory minimum of 8.38% required for 2020 after the ECB's announced accelerated implementation of Article 104 of the CRR2: +560 basis points for Phase-In CET1 and +457 basis points for the CET1 Fully-Loaded.

# 1. RELEVANT DATA

| | Mar-20 | Dec-19 | Change |
|---|---|---|---|
| **Balance sheet (€ million)** | | | |
| Total assets | 209,473 | 208,468 | 0.5% |
| Loans and advances to customers (net) | 117,817 | 117,444 | 0.3% |
| Loans and advances to customers (gross) | 121,029 | 120,623 | 0.3% |
| On-balance-sheet customer funds | 142,194 | 143,464 | (0.9%) |
| Customer deposits and clearing houses | 123,639 | 124,785 | (0.9%) |
| Borrowings, marketable securities | 15,611 | 15,697 | (0.5%) |
| Subordinated liabilities | 2,944 | 2,983 | (1.3%) |
| Total customer funds | 170,673 | 174,267 | (2.1%) |
| Equity | 12,863 | 13,142 | (2.1%) |
| Common Equity Tier I - BIS III Phase In | 10,900 | 11,120 | (2.0%) |
| **Solvency (%)** | | | |
| Common Equity Tier I - BIS III Phase In | 13.98% | 14.32% | -0.34 p.p. |
| Total capital ratio - BIS III Phase In | 17.73% | 18.09% | -0.36 p.p. |
| Ratio CET1 BIS III Fully Loaded | 12.95% | 13.02% | -0.07 p.p. |
| Ratio CET1 BIS III Fully Loaded without unrealised gains on the fair value sovereign (FV) portfolio | 12.92% | 12.85% | +0.07 p.p. |
| **Risk management (€ million and %)** | | | |
| Total risk | 128,676 | 128,156 | 0.4% |
| Non performing loans | 6,363 | 6,465 | (1.6%) |
| NPL provisions | 3,516 | 3,491 | 0.7% |
| NPL ratio | 4.9% | 5.0% | -0.1 p.p. |
| NPL coverage ratio | 55.3% | 54.0% | +1.3 p.p. |
| | **Mar-20** | **Mar-19** | **Change** |
| **Results (€ million)** | | | |
| Net interest income | 458 | 502 | (8.7%) |
| Gross income | 823 | 813 | 1.1% |
| "Core" result (Net interest income + Net fees and commissions - Operating Expenses) | 280 | 306 | (8.2%) |
| Pre-provision profit | 361 | 357 | 1.2% |
| Profit before taxes pre-COVID-19 provision | 247 | 269 | (8.2%) |
| COVID-19 provision | (125) | - | - |
| Profit before taxes post COVID-19 provision | 122 | 269 | (54.7%) |
| Profit/(loss) attributable to the Group | 94 | 205 | (54.0%) |
| **Key ratios (%)** | | | |
| Cost to Income ratio (Operating expenses / Gross income) | 56.1% | 56.1% | - |
| R.O.A. (Profit after tax / Average total assets) (1) | 0.2% | 0.4% | -0.2 p.p. |
| RORWA (Profit after tax / RWA) (2) | 0.5% | 1.0% | -0.5 p.p. |
| ROE (Profit attributable to the group / Equity) (3) | 3.0% | 6.5% | -3.5 p.p. |
| ROTE ( Profit attributable to the group / Average tangible equity) (4) | 3.0% | 6.7% | -3.7 p.p. |
| ROE (Profit attributable to the group / Equity) pre COVID-19 | 5.7% | 6.5% | -0.8 p.p. |
| ROTE ( Profit attributable to the group / Average tangible equity) pre COVID-19 | 5.9% | 6.7% | -0.8 p.p. |
| | **Mar-20** | **Dec-19** | **Change** |
| **Bankia share** | | | |
| Number of shareholders | 172,420 | 173,949 | (0.9%) |
| Number of shares in issue (million) | 3,070 | 3,070 | 0.0% |
| Closing price (end of period, €) (5) | 1.02 | 1.90 | (46.5%) |
| Market capitalisation (€ million) | 3,125 | 5,840 | (46.5%) |
| Earnings per share (6) (€) | 0.12 | 0.18 | (30.0%) |
| Tangible book value per share (7) (€) | 4.08 | 4.21 | (3.2%) |
| PER (Last price (5) / Earnings per share (6)) | 8.24x | 10.79x | (23.6%) |
| PTBV (Last price (5) / Tangible book value per share) | 0.25x | 0.45x | (44.7%) |
| Cash dividend per share (cents) (8) | - | 11.576 | - |
| **Additional information** | | | |
| Number of branches | 2,269 | 2,275 | (0.3%) |
| Number of employees | 16,006 | 16,035 | (0.2%) |

(1) Annualised profit after tax divided by average total assets for the period
(2) Annualised profit after tax divided by risk weighted assets at period end
(3) Annualised attributable profit divided by the previous 12 months average equity. In Mar-20 is not deducted any expected dividend payment against 2020 result.
(4) Annualised attributable profit divided by the previous 12 months average tangible equity. In Mar-20 is not deducted any expected dividend payment against 2020 result.
(5) Using the last price as of 31 March 2019 and 31 December 2019.
(6) Annualised attributable profit divided by the number of shares in issue.
(7) Total Equity less intangible assets divided by the number of shares in issue
(8) Distribution against the annual result. In Mar-20 is not contemplated any dividend payment against 2020 result.

## 2. ECONOMIC AND FINANCIAL ENVIRONMENT

The COVID-19 epidemic has spread swiftly from China to the rest of the world and triggered an exceptional deterioration of the economic environment in record time. The radical confinement measures needed to halt the spread of the virus have led to unprecedented paralysis of the biggest economies. Uncertainty is at a highpoint, but there is no doubt that we are facing a very intense recessionary phase. The collapse of activity in January and February in China (first country to suffer the pandemic) is now the main reference for what is facing the western world: at the very least, a steep drop in activity in March and April on a scale unprecedented in modern history. Nevertheless, and likewise keeping an eye on China, the economy may be expected to show gradual improvement once the epidemic is brought under control and the containment measures are eased. The clear slowdown underscored by the latest contagion data in Italy and Spain, two of the countries hardest hit in Europe, suggest that the worst of the healthcare crisis may now be behind us, which should allow the beginning of a return to economic normalcy starting in May.

The deteriorating economy and liquidity tensions in the market have prompted central banks to move quickly and forcefully on an unprecedented scale. The Fed has trimmed its benchmark rates 150 basis points and established a new QE, unlimited in volume or time, activating several facilities that allow it to intervene in practically all segments of the market. In addition, it has improved the terms of dollar swap facilities with other central banks and will engage in repo transactions with them, exchanging treasury bills for dollars. The ECB has expanded the QE programme by 120,000 million euros until the end of the year and launched a new one for 750,000 million euros, in which it has included Greek debt and non-financial commercial paper and, more importantly, removed the 33% cap on its purchases of public debt. It has also approved long-term liquidity injections through June, improving the terms of the existing ones and relaxing its policy on collateral. Despite all these measures, the 12-month Euribor spiked up to above -0.09% (highest since January 2017). Nor has public debt performed as well as might have been expected. Liquidity tensions, the need to realise capital gains to offset losses in other investments and the foreseeable sharp rise in public deficits are casting doubt on the perception of government debt securities as safe havens. The yield on Germany's 10-year bonds shed 29 basis points in the first quarter of 2020, while Spain's was rising 21 basis points, reflecting the widening of the risk premium by 50 basis points.

The performance of the Spanish economy in the first quarter of 2020 has suffered a major shock from COVID-19, given the extraordinary measures taken to restrict movements by people and shutdown a large part of the economy. Before the outbreak of the crisis, the economy had been giving off relatively good signals and everything pointed to a prolongation of the expansive phase in a context of lessened external uncertainty. After the national Government's declaration of a "state of alarm" on 15 March, confining most of the population to their homes, the figures that have emerged on employment, demand and production point to a historic drop in GDP, upending all of the projections made at the start of the year. In any event, we are faced with an extraordinary situation, one that could not have been foreseen and for which there are no precedents. The scenario depends on how the healthcare situation evolves, the level of synchronisation in the overcoming of the pandemic at the global level and the effectiveness of the economic policy measures taken.

The banking sector closed the quarter under the initial impact of the health crisis. The measures adopted by the ECB seeking greater flexibility in the prudential requirements for banks, highlighted by lower capital and liquidity requirements, and relaxation of the prudential framework for distressed debt, together with the steps taken by the Spanish Government, which encompass a broad guarantee programme of up to 100,000 million euros targeted at businesses, independent contractors and the self-employed, along with deferral of mortgage and consumer loan instalments for debtors regarded as vulnerable, underscore the important role banks will be called on to play in the recovery of the real economy the coming months. The most recent supervisory statistics of the Bank of Spain for Spanish credit institutions in the last quarter of last year reflect a well capitalised banking sector, with ample liquidity and low NPL rates, which place banks on a better footing to withstand the current extraordinary situation than in the previous financial crisis.

## 3. SUMMARY OF RESULTS

**The Bankia Group closes the first quarter of 2020 with an attributable profit of 94 million euros after recording an extraordinary provision of 125 million euros to cover COVID-19 related contingencies. Net fees and commissions are up 9% and the pre-provision profit is 361 million euros (+1.2% over March 2019).**

Gross income and pre-provision profit recorded year-on-year increases of 1.1% and 1.2%, respectively, lifted by healthy gains in fees and commissions (+9%) and larger revenues from sale of fixed-income portfolios (net trading income or NTI). However, the attributable profit descended 54% to 92 million euros due to, fundamentally, the exceptionally high level of impairments registered in the first quarter of 2020, as a result of the extraordinary provision of 125 million euros booked to cover potential impacts of COVID-19.

The provision to the risk coverage fund of 125 million euros, has been made on the basis of estimates of future economic conditions, taking into account discussions with different Regulatory and Supervisory Organisms in relation to changes in macroeconomic scenarios in the current environment of uncertainty and volatility, giving greater weight to more stable scenarios and to the mitigating effects of the support measures announced. However, there is a high degree of uncertainty with regards to the evolution of the current macroeconomic scenarios and the effectiveness of the support measures once implemented. Therefore, subsequent developments of the current environment might require additional provisions in the future.

### INCOME STATEMENT

| (€ million) | 1Q 2020 | 1Q 2019 | Change Amount | Change % |
|---|---|---|---|---|
| **Net interest income** | **458** | **502** | **(44)** | **(8.7%)** |
| Dividends | 0 | 1 | (0) | (34.4%) |
| Share of profit/(loss) of companies accounted for using the equity | 12 | 14 | (2) | (13.9%) |
| Total net fees and commissions | 284 | 260 | 23 | 9.0% |
| Gains/(losses) on financial assets and liabilities | 64 | 37 | 27 | 71.9% |
| Exchange differences | 9 | 3 | 5 | 160.6% |
| Other operating income/(expense) | (4) | (4) | (1) | 14.7% |
| **Gross income** | **823** | **813** | **9** | **1.1%** |
| Administrative expenses | (415) | (407) | (8) | 2.0% |
| Staff costs | (285) | (285) | 0 | (0.0%) |
| General expenses | (130) | (122) | (8) | 6.7% |
| Depreciation and amortisation | (47) | (50) | 3 | (6.4%) |
| **Pre-provision profit** | **361** | **357** | **4** | **1.2%** |
| Provisions | (99) | (65) | (34) | 52.2% |
| Provisions (net) | (14) | (10) | (4) | 41.5% |
| Impairment losses on financial assets (net) | (85) | (55) | (30) | 54.2% |
| **Operating profit/(loss) pre COVID-19 provision** | **262** | **292** | **(30)** | **(10.3%)** |
| Impairment losses on non-financial assets | (3) | (4) | 1 | (20.8%) |
| Other gains and other losses | (12) | (19) | 7 | (36.4%) |
| **Profit/(loss) before tax pre COVID-19 provision** | **247** | **269** | **(22)** | **(8.2%)** |
| Extraordinary COVID-19 provision | (125) | - | (125) | - |
| **Profit/(loss) before tax post COVID-19 provision** | **122** | **269** | **(147)** | **(54.7%)** |
| Corporate income tax | (27) | (64) | 37 | (57.3%) |
| **Profit/(loss) after tax from continuing operations** | **94** | **205** | **(110)** | **(53.9%)** |
| Net profit from discontinued operations | 0 | 0 | - | - |
| **Profit/(loss) in the period** | **94** | **205** | **(110)** | **(53.9%)** |
| Profit/(Loss) attributable to minority interests | 0.1 | (0.0) | 0.1 | - |
| **Profit/(loss) attributable to the Group** | **94** | **205** | **(111)** | **(54.0%)** |
| **Cost to Income ratio (1)** | **56.1%** | **56.1%** | **-** | **-** |
| **Recurring Cost to Income ratio (2)** | **61.5%** | **59.0%** | **+2.5 p.p.** | **2.5%** |
| **PRO-MEMORY** | | | | |
| **"Core" Result (3)** | **280** | **306** | **(25)** | **(8.2%)** |

(1) Operating expenses / Gross income.
(2) Operating expenses / Gross income (excluding gains/losses on financial assets and liabilities and exchange differences).
(3) Net interest income + total net fees and commissions - administrative expenses - depreciation and amortization

## QUARTERLY RESULTS

| (€ million) | 1Q 2020 | 4Q 2019 | 3Q 2019 | 2Q 2019 | 1Q 2019 |
|---|---|---|---|---|---|
| **Net interest income** | **458** | **503** | **502** | **516** | **502** |
| Dividends | 0 | 3 | 1 | 14 | 1 |
| Share of profit/(loss) of companies accounted for using the equity method | 12 | 18 | 13 | 15 | 14 |
| Total net fees and commissions | 284 | 284 | 263 | 273 | 260 |
| Gains/(losses) on financial assets and liabilities | 64 | 62 | 97 | 102 | 37 |
| Exchange differences | 9 | 3 | 5 | 4 | 3 |
| Other operating income/(expense) | (4) | (174) | (5) | (66) | (4) |
| **Gross income** | **823** | **699** | **875** | **858** | **813** |
| Administrative expenses | (415) | (394) | (409) | (407) | (407) |
| Staff costs | (285) | (267) | (282) | (286) | (285) |
| General expenses | (130) | (127) | (127) | (121) | (122) |
| Depreciation and amortisation | (47) | (53) | (49) | (49) | (50) |
| **Pre-provision profit** | **361** | **252** | **417** | **402** | **357** |
| Provisions | (99) | (173) | (119) | (121) | (65) |
| Provisions (net) | (14) | 17 | 14 | (35) | (10) |
| Impairment losses on financial assets (net) | (85) | (189) | (132) | (86) | (55) |
| **Operating profit/(loss) pre COVID-19 provision** | **262** | **80** | **299** | **281** | **292** |
| Impairment losses on non-financial assets | (3) | (5) | (5) | (6) | (4) |
| Other gains and other losses | (12) | (110) | (42) | (4) | (19) |
| **Profit/(loss) before tax pre COVID-19 provision** | **247** | **(36)** | **252** | **271** | **269** |
| Extraordinary COVID-19 provision | (125) | - | - | - | - |
| **Profit/(loss) before tax post COVID-19 provision** | **122** | **(36)** | **252** | **271** | **269** |
| Corporate income tax | (27) | 2 | (76) | (76) | (64) |
| **Profit/(loss) in the period** | **94** | **(34)** | **176** | **196** | **205** |
| Profit/(Loss) attributable to minority interests | 0 | 0 | 0 | 1 | (0) |
| **Profit/(loss) attributable to the Group** | **94** | **(34)** | **176** | **195** | **205** |
| **Cost to Income ratio (1)** | **56.1%** | **63.9%** | **52.3%** | **53.2%** | **56.1%** |
| **Recurring Cost to Income ratio (2)** | **61.5%** | **70.4%** | **59.2%** | **60.7%** | **59.0%** |
| **PRO-MEMORY** | | | | | |
| **"Core" Result (3)** | **280** | **341** | **307** | **333** | **306** |

(1) Total costs / Gross income.
(2) Total costs / Gross income (excluding trading income and exchange differences).
(3) Net interest income + fees and comissions - administrative expenses - depreciation and amortisation

- **Net interest income reached 458 million euros**, 8.7% lower than in March 2019 due to the impact of the drop in the 12-month Euribor on the return on the loan portfolio (primarily mortgage loans) and to the lower contribution of interest on the fixed-income portfolio and NPLs. Part of this decline was offset by the lower cost of liabilities owing to reduced volumes (maturity of customer deposits, single-certificate mortgage covered bonds and subordinated debt) and the decrease in interest costs associated with IFRS 16 (new valuation of lease yield curve).

  **Compared to the fourth quarter of 2019**, net interest income dropped by 9% as a result of the aforementioned factors, to which there must be added the usual seasonal effect of the period. Nevertheless, the quarter once again shows financial cost savings of the tiering measures introduced by the ECB at the end of October for excess liquidity deposited in the current account, which in March 2020 have had an impact in a full quarter.

## REVENUES AND EXPENSES

| | 1Q 2020 | | | 1Q 2019 | | | 1Q 2020 | | | 4Q 2019 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *(€ million & %)* | Avg. Amount (1) | Revenues / Expenses | Yield | Avg. Amount (1) | Revenues / Expenses | Yield | Avg. Amount (1) | Revenues / Expenses | Yield | Avg. Amount (1) | Revenues / Expenses | Yield |
| Loans and advances to credit institutions (2) | 17,604 | 29 | 0.67% | 7,536 | 23 | 1.24% | 17,604 | 29 | 0.67% | 17,066 | 26 | 0.61% |
| Net loans and advances to customers (a) | 117,092 | 464 | 1.59% | 117,970 | 496 | 1.70% | 117,092 | 464 | 1.59% | 118,553 | 513 | 1.72% |
| Debt securities | 45,148 | 56 | 0.50% | 51,775 | 83 | 0.65% | 45,148 | 56 | 0.50% | 45,399 | 69 | 0.61% |
| Other interest earning assets (3) | 1,049 | 1 | 0.39% | 1,026 | 3 | 1.32% | 1,049 | 1 | 0.39% | 1,014 | 3 | 1.31% |
| Other non-interest earning assets | 26,480 | - | - | 27,580 | - | - | 26,480 | - | - | 26,798 | - | - |
| **Total Assets (b)** | **207,372** | **551** | **1.07%** | **205,888** | **605** | **1.19%** | **207,372** | **551** | **1.07%** | **208,830** | **612** | **1.16%** |
| Deposits from central banks and credit (2) | 40,342 | 18 | 0.18% | 36,024 | 17 | 0.19% | 40,342 | 18 | 0.18% | 38,220 | 20 | 0.21% |
| Customer deposits (c) | 123,121 | 21 | 0.07% | 126,550 | 33 | 0.10% | 123,121 | 21 | 0.07% | 127,064 | 27 | 0.08% |
| *Strict Customer Deposits* | *117,857* | *8* | *0.03%* | *120,266* | *11* | *0.04%* | *117,857* | *8* | *0.03%* | *120,958* | *9* | *0.03%* |
| *Repos* | *81* | *1* | *3.02%* | *36* | *1* | *6.20%* | *81* | *1* | *3.02%* | *390* | *1* | *0.62%* |
| *Single-certificate covered bonds* | *5,182* | *13* | *1.00%* | *6,248* | *21* | *1.36%* | *5,182* | *13* | *1.00%* | *5,716* | *17* | *1.20%* |
| Marketable securities | 15,761 | 37 | 0.94% | 14,560 | 30 | 0.84% | 15,761 | 37 | 0.94% | 15,343 | 37 | 0.96% |
| Subordinated liabilities | 2,969 | 15 | 2.10% | 3,493 | 18 | 2.12% | 2,969 | 15 | 2.10% | 2,983 | 16 | 2.10% |
| Other interest earning liabilities (3) | 1,569 | 1 | 0.33% | 1,834 | 6 | 1.34% | 1,569 | 1 | 0.33% | 1,425 | 9 | 2.50% |
| Other liabilities with no cost | 10,327 | - | - | 10,181 | - | - | 10,327 | - | - | 10,474 | - | - |
| Equity | 13,284 | - | - | 13,246 | - | - | 13,284 | - | - | 13,321 | - | - |
| **Total equity and liabilities (d)** | **207,372** | **93** | **0.18%** | **205,888** | **103** | **0.20%** | **207,372** | **93** | **0.18%** | **208,830** | **109** | **0.21%** |
| **Customer margin (a-c)** | | | **1.52%** | | | **1.60%** | | | **1.52%** | | | **1.64%** |
| **Net interest margin (b-d)** | | **458** | **0.89%** | | **502** | **0.99%** | | **458** | **0.89%** | | **503** | **0.96%** |

(1) Calculated over monthly balances at each closing date.
(2) Loans and advances to credit institutions include revenues arising from the negative interest rates applicable on "Deposits from central banks and credit institutions" (mainly income from TLTRO and repo transactions) due that following accounting standards, income arising from the appication of negative interest rates are accounted for according to its nature. On the liabilities side, the contrary occurs with regards to "Deposits from central banks and credit institutions"
(3) Insurance contracts related to pensions, liabilities under insurance contracts and other financial liabilities, including those associated with IFRS 16 ("Financial Leasing") starting January 2019.

| | 4Q 2019 | | | 3Q 2019 | | | 2Q 2019 | | | 1Q 2019 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *(€ million & %)* | Avg. Amount (1) | Revenues / Expenses | Yield | Avg. Amount (1) | Revenues / Expenses | Yield | Avg. Amount (1) | Revenues / Expenses | Yield | Avg. Amount (1) | Revenues / Expenses | Yield |
| Loans and advances to credit institutions (2) | 17,066 | 26 | 0.61% | 14,714 | 23 | 0.61% | 16,477 | 27 | 0.66% | 7,536 | 23 | 1.24% |
| Net Loans and advances to customers (a) | 118,553 | 513 | 1.72% | 118,670 | 516 | 1.72% | 118,299 | 517 | 1.75% | 117,970 | 496 | 1.70% |
| Debt securities | 45,399 | 69 | 0.61% | 46,583 | 72 | 0.62% | 49,070 | 80 | 0.65% | 51,775 | 83 | 0.65% |
| Other interest earning assets (3) | 1,014 | 3 | 1.31% | 1,023 | 3 | 1.30% | 1,022 | 3 | 1.31% | 1,026 | 3 | 1.32% |
| Other non-interest earning assets | 26,798 | - | - | 27,431 | - | - | 27,401 | - | - | 27,580 | - | - |
| **Total Assets (b)** | **208,830** | **612** | **1.16%** | **208,420** | **614** | **1.17%** | **212,269** | **628** | **1.19%** | **205,888** | **605** | **1.19%** |
| Deposits from central banks and credit (2) | 38,220 | 20 | 0.21% | 35,922 | 23 | 0.26% | 41,033 | 25 | 0.24% | 36,024 | 17 | 0.19% |
| Customer deposits (c) | 127,064 | 27 | 0.08% | 129,014 | 31 | 0.09% | 128,328 | 31 | 0.10% | 126,550 | 33 | 0.10% |
| *Strict Customer Deposits* | *120,958* | *9* | *0.03%* | *122,572* | *10* | *0.03%* | *121,449* | *10* | *0.03%* | *120,266* | *11* | *0.04%* |
| *Repos* | *390* | *1* | *0.62%* | *244* | *1* | *0.97%* | *655* | *1* | *0.37%* | *36* | *1* | *6.20%* |
| *Single-certificate covered bonds* | *5,716* | *17* | *1.20%* | *6,198* | *21* | *1.32%* | *6,223* | *21* | *1.33%* | *6,248* | *21* | *1.36%* |
| Marketable securities | 15,343 | 37 | 0.96% | 14,870 | 36 | 0.95% | 14,646 | 29 | 0.80% | 14,560 | 30 | 0.84% |
| Subordinated liabilities | 2,983 | 16 | 2.10% | 2,975 | 16 | 2.09% | 3,478 | 20 | 2.28% | 3,493 | 18 | 2.12% |
| Other interest earning liabilities (3) | 1,425 | 9 | 2.50% | 1,503 | 7 | 1.74% | 1,552 | 7 | 1.79% | 1,834 | 6 | 1.34% |
| Other liabilities with no cost | 10,474 | - | - | 10,782 | - | - | 10,023 | - | - | 10,181 | - | - |
| Equity | 13,321 | - | - | 13,354 | - | - | 13,209 | - | - | 13,246 | - | - |
| **Total equity and liabilities (d)** | **208,830** | **109** | **0.21%** | **208,420** | **112** | **0.21%** | **212,269** | **112** | **0.21%** | **205,888** | **103** | **0.20%** |
| **Customer margin (a-c)** | | | **1.64%** | | | **1.63%** | | | **1.65%** | | | **1.60%** |
| **Net interest margin (b-d)** | | **503** | **0.96%** | | **502** | **0.96%** | | **516** | **0.98%** | | **502** | **0.99%** |

(1) Calculated over monthly balances at each closing date.
(2) Loans and advances to credit institutions include revenues arising from the negative interest rates applicable on "Deposits from central banks and credit institutions" (mainly income from TLTRO and repo transactions) due that following accounting standards, income arising from the appication of negative interest rates are accounted for according to its nature. On the liabilities side, the contrary occurs with regards to "Deposits from central banks and credit institutions"
(3) Insurance contracts related to pensions, liabilities under insurance contracts and other financial liabilities, including those associated with IFRS 16 ("Financial Leasing") starting January 2019.

- **The year-on-year trend in the Group's net fee and commission income was strong (+9%)** thanks to the positive performance of net fees and commissions of the normal banking business in the first quarter of the year.

  **With respect to the previous quarter**, net fees and commissions were stable (-0.2%), as the positive effect of the new commercial positioning offset the decline in fees for structuring corporate transactions and in card fees, in the latter case due to seasonality in the collection of card issuance and renewal fees and the impact of COVID-19 in the volume of transactions in March.

## NET FEES AND COMMISSION INCOME

| | | | | | | Change | |
|---|---|---|---|---|---|---|---|
| (€ million) | 1Q 2020 | 4Q 2019 | 3Q 2019 | 2Q 2019 | 1Q 2019 | 1Q 2019 | 4Q 2019 |
| **Assets under management** | **105** | **104** | **101** | **106** | **100** | **4.3%** | **0.2%** |
| Securities brokerage service | 17 | 18 | 17 | 16 | 17 | 3.8% | (6.6%) |
| Mutual funds, Pension funds and insurances | 87 | 86 | 83 | 90 | 84 | 4.4% | 1.6% |
| **Payments services** | **81** | **90** | **83** | **86** | **79** | **3.0%** | **(9.8%)** |
| Bills of exchange | 6 | 6 | 5 | 5 | 5 | 10.7% | (2.1%) |
| Debit and credit cards | 60 | 69 | 64 | 66 | 59 | 2.1% | (13.6%) |
| Payments services | 16 | 15 | 14 | 15 | 15 | 3.6% | 4.8% |
| **Origination** | **48** | **57** | **54** | **50** | **49** | **(0.6%)** | **(14.9%)** |
| Contingent risks and commitments | 25 | 26 | 25 | 24 | 24 | 5.2% | (2.4%) |
| Forex | 9 | 10 | 11 | 10 | 9 | (8.0%) | (15.1%) |
| Structuring and design of transactions and oth | 14 | 21 | 18 | 16 | 15 | (5.2%) | (30.6%) |
| **Management of NPLs, write offs and others** | **32** | **35** | **30** | **33** | **33** | **(5.1%)** | **(10.2%)** |
| Management of NPLs and write offs | 0 | 2 | 1 | 1 | 0 | (83.4%) | (97.7%) |
| Claims on Past due | 32 | 33 | 30 | 33 | 33 | (4.3%) | (4.0%) |
| **Accounts manteinance (Sight deposits)** | **36** | **19** | **18** | **20** | **19** | **87.4%** | **83.9%** |
| **Fees and commissions received** | **302** | **306** | **286** | **295** | **281** | **7.6%** | **(1.5%)** |
| **Fees and commissions paid** | **18** | **22** | **23** | **22** | **20** | **(9.9%)** | **(17.3%)** |
| **TOTAL NET FEE AND COMMISSION INCOME** | **284** | **284** | **263** | **273** | **260** | **9.0%** | **(0.2%)** |

- **Operating expenses totalled 461 million euros, showing contained growth (+1.1%) with respect to March 2019**, taking the efficiency ratio to 56.1%, the same level as in the first quarter of 2019.

  **The quarterly evolution** of expenses (+3.3%) reflects the positive impact of the last cost savings from the BMN integration that were registered in the fourth quarter of 2019.

## OPERATING EXPENSES

| | | | | | | Change | |
|---|---|---|---|---|---|---|---|
| (€ million) | 1Q 2020 | 4Q 2019 | 3Q 2019 | 2Q 2019 | 1Q 2019 | 1Q 2019 | 4Q 2019 |
| **Staff costs** | **285** | **267** | **282** | **286** | **285** | **(0.0%)** | **6.8%** |
| Wages and salaries | 203 | 192 | 206 | 211 | 208 | (2.1%) | 6.0% |
| Social security costs | 60 | 57 | 56 | 57 | 57 | 5.4% | 4.0% |
| Pension plans | 15 | 12 | 13 | 11 | 14 | 5.8% | 22.7% |
| Others | 7 | 5 | 7 | 7 | 7 | 5.4% | 29.4% |
| **General expenses** | **130** | **127** | **127** | **121** | **122** | **6.7%** | **2.2%** |
| From property, fixtures and supplies | 14 | 12 | 16 | 16 | 15 | (4.1%) | 14.7% |
| IT and communications | 55 | 52 | 53 | 51 | 52 | 5.6% | 6.7% |
| Advertising and publicity | 14 | 13 | 14 | 14 | 14 | (0.8%) | 8.1% |
| Technical reports | 8 | 9 | 10 | 11 | 6 | 32.3% | (11.4%) |
| Surveillance and security courier services | 4 | 5 | 5 | 4 | 4 | 0.3% | (5.6%) |
| Levies and taxes | 7 | 8 | 10 | 8 | 7 | 7.0% | (8.4%) |
| Insurance and self-insurance premiums | 1 | 1 | 1 | 1 | 1 | (14.4%) | (10.0%) |
| Other expenses | 26 | 27 | 20 | 16 | 22 | 16.1% | (5.1%) |
| **ADMINISTRATIVE EXPENSES** | **415** | **394** | **409** | **407** | **407** | **2.0%** | **5.3%** |
| **AMORTISATIONS** | **47** | **53** | **49** | **49** | **50** | **(6.4%)** | **(11.4%)** |
| **TOTAL OPERATING EXPENSES** | **461** | **447** | **458** | **456** | **456** | **1.1%** | **3.3%** |

- The rise in net fees and commissions and higher net trading income lifted the Group's gross income to 823 million euros in the first quarter of 2020, some 1.1% higher than in the same period of 2019. Pre-provision profit, in turn, reached 361 million euros, 1.2% above the level recorded in March 2019.

- **Without considering the extraordinary provision of 125 million euros** made in the first quarter of the year to cover the potential impact of the crisis triggered by COVID-19, charges to provisions and other gains and losses totalled a cumulative net expense of 114 million euros, an increase of 26 million euros over the figure for the first quarter of 2019.

  After recording the provisions for COVID-19, provisions and other results stood at **239 million euros in March 2020**. The provision to the risk coverage fund of 125 million euros, has been made on the basis of estimates of future economic conditions, taking into account discussions with different Regulatory and Supervisory Organisms in relation to changes in macroeconomic scenarios in the current environment of uncertainty and volatility, giving greater weight to more stable scenarios and to the mitigating effects of the support measures announced. However, there is a high degree of uncertainty with regards to the evolution of the current macroeconomic scenarios and the effectiveness of the support measures once implemented. Therefore, subsequent developments of the current environment might require additional provisions in the future.

  With respect to the last quarter of 2019 there is a decline in net provisioning expenses and other gains and losses of 48 million euros (173 million euros excluding the extraordinary provision) that is explained by the high level of provisioning charges recorded in the fourth quarter de 2019 to cover the reduction of the Group's NPAs.

  "Other gains and losses" show profit or loss obtained from the sale of real estate assets and shareholdings, with no major disinvestments having been recorded in the first quarter of 2020.

- Recurring allocations for credit risk (excluding the extraordinary charge for COVID-19) place the **Group's recurring cost of risk at 0.24**% at the end of March 2020, in line with the target levels. Considering the extraordinary provision for COVID-19 the cost of risk in the quarter rises to 0.55%. Considering the extraordinary provision for COVID-19, the costs of risk rises to 0.59%.

## PROVISIONING AND OTHER GAINS AND LOSSES

| | | | | | | Change | |
|---|---|---|---|---|---|---|---|
| (€ million) | 1Q 2020 | 4Q 2019 | 3Q 2019 | 2Q 2019 | 1Q 2019 | 1Q 2019 | 4Q 2019 |
| **Impairment losses on:** | **(88)** | **(195)** | **(137)** | **(92)** | **(59)** | **49.7%** | **(54.8%)** |
| Financial assets | (85) | (189) | (132) | (86) | (55) | 54.2% | (55.0%) |
| Non-financial assets | (3) | (5) | (5) | (6) | (4) | (20.8%) | (48.9%) |
| **Impairment losses on Real Estate Assets** | **(15)** | **(56)** | **(72)** | **(41)** | **(31)** | **(51.1%)** | **(73.0%)** |
| **Other provisions and results** | **(11)** | **(37)** | **43** | **3** | **2** | **-** | **(69.3%)** |
| Provisions (net) | (14) | 17 | 14 | (35) | (10) | 41.5% | - |
| Others | 3 | (54) | 29 | 38 | 12 | (75.5%) | - |
| **Total provisions and others pre COVID-19 provision** | **(114)** | **(288)** | **(165)** | **(131)** | **(88)** | **28.6%** | **(60.6%)** |
| **Extraordinary provision COVID-19 (1)** | **(125)** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total provisions and others** | **(239)** | **(288)** | **(165)** | **(131)** | **(88)** | **170.2%** | **(17.2%)** |

(1) Includes impairment losses on Financial assets of €110mn and on Real Estate assets of €15mn.

## 4. BALANCE SHEET PERFORMANCE

**Despite the impact of COVID-19 on operations in the month of March, the performing loan book grew, market shares were up in the key segments and sales of high-value products performed well.**

| (€ million) | Mar-20 | Dec-19 | Change Amount | Change % |
|---|---|---|---|---|
| Cash and balances at central banks | 10,569 | 13,203 | (2,634) | (19.9%) |
| Financial assets held for trading | 7,270 | 6,691 | 579 | 8.6% |
| Trading derivatives | 6,965 | 6,519 | 447 | 6.8% |
| Debt securities | 303 | 171 | 132 | 77.5% |
| Equity instruments | 1.2 | 1.4 | (0.2) | (14.0%) |
| Financial assets designated at fair value through profit or loss | 11 | 35 | (23) | (67.3%) |
| Debt securities | 0.2 | 0.2 | (0.0) | (15.6%) |
| Loans and advances to credit institutions | 0 | 23 | (23) | (100.0%) |
| Loans and advances to customers | 11 | 11 | (0) | (0.9%) |
| Financial assets designated at fair value through equity | 10,722 | 11,982 | (1,260) | (10.5%) |
| Debt securities | 10,651 | 11,906 | (1,255) | (10.5%) |
| Equity instruments | 72 | 76 | (4) | (5.6%) |
| Financial assets at amortised cost | 160,519 | 155,968 | 4,550 | 2.9% |
| Debt securities | 37,003 | 33,068 | 3,935 | 11.9% |
| Loans and advances to credit institutions | 5,709 | 5,467 | 242 | 4.4% |
| Loans and advances to customers | 117,806 | 117,433 | 373 | 0.3% |
| Hedging derivatives | 2,466 | 2,499 | (33) | (1.3%) |
| Investments in subsidaries, joint ventures and associates | 472 | 455 | 17 | 3.7% |
| Tangible and intangible assets | 3,048 | 3,019 | 29 | 1.0% |
| Non-current assets held for sale | 2,134 | 2,152 | (18) | (0.8%) |
| Other assets | 12,262 | 12,465 | (203) | (1.6%) |
| **TOTAL ASSETS** | **209,473** | **208,468** | **1,005** | **0.5%** |
| Financial liabilities held for trading | 7,210 | 6,750 | 460 | 6.8% |
| Trading derivatives | 6,894 | 6,479 | 415 | 6.4% |
| Short positions | 316 | 271 | 45 | 16.5% |
| Financial liabilities at amortised cost | 186,372 | 185,176 | 1,195 | 0.6% |
| Deposits from central banks | 13,858 | 13,809 | 49 | 0.4% |
| Deposits from credit institutions | 28,690 | 26,460 | 2,230 | 8.4% |
| Customer deposits and funding via clearing houses | 123,639 | 124,785 | (1,146) | (0.9%) |
| Debt securities | 18,555 | 18,680 | (125) | (0.7%) |
| Other financial liabilities | 1,629 | 1,443 | 187 | 12.9% |
| Hedging derivatives | 88 | 87 | 0 | 0.5% |
| Provisions | 1,700 | 1,754 | (54) | (3.1%) |
| Other liabilitiess | 1,149 | 1,365 | (216) | (15.8%) |
| **TOTAL LIABILITIES** | **196,519** | **195,133** | **1,386** | **0.7%** |
| Minority interests | 14 | 13 | 0 | 1.8% |
| Other accumulated results | 78 | 180 | (102) | (56.7%) |
| Equity | 12,863 | 13,142 | (279) | (2.1%) |
| **TOTAL EQUITY** | **12,954** | **13,335** | **(381)** | **(2.9%)** |
| **TOTAL EQUITY AND LIABILITIES** | **209,473** | **208,468** | **1,005** | **0.5%** |

- **Gross loans and advances to customers** ended the first quarter of 2020 at **121,029** million euros, 0.3% higher than in December 2019. Stripping out non-performing loans and reverse repos, the performing loan book grew 0.4% (433 million euros).

  **Although COVID-19 depressed new lending in March,** the stock of credit to key segments such as businesses and consumers rose (+9.5% and +9%, respectively, since 2019), offsetting the scheduled maturities of the mortgage portfolio.

  Bankia's market share grew in the consumer segment (+44 basis points year-on-year to reach 6.05%) and business segment (+28 basis points year-on-year to 7.74%), according to data at the end of February 2020.

## LOANS AND ADVANCES TO CUSTOMERS

| | | | Change | |
|---|---|---|---|---|
| (€ million) | Mar-20 | Dec-19 | Amount | % |
| Spanish public sector | 4,875 | 4,702 | 173 | 3.7% |
| Other resident sectors | 104,809 | 104,932 | (123) | (0.1%) |
| Secured loans | 69,419 | 70,049 | (629) | (0.9%) |
| Other term loans | 28,105 | 26,993 | 1,113 | 4.1% |
| Commercial credit | 4,845 | 5,326 | (481) | (9.0%) |
| Receivable on demand and other | 2,439 | 2,565 | (125) | (4.9%) |
| Non-residents | 4,200 | 3,940 | 260 | 6.6% |
| Repo transactions | 78 | 15 | 62 | 405.3% |
| Other financial assets | 1,045 | 950 | 95 | 10.0% |
| Other valuation adjustments | 260 | 232 | 28 | 12.1% |
| Non-performing loans | 5,763 | 5,853 | (89) | (1.5%) |
| **TOTAL GROSS LOANS AND ADVANCES TO CUSTOMERS** | **121,029** | **120,623** | **406** | **0.3%** |
| Loan loss reserve | (3,212) | (3,179) | (34) | 1.1% |
| **NET LOANS AND ADVANCES TO CUSTOMERS** | **117,817** | **117,444** | **373** | **0.3%** |
| **GROSS LOANS AND ADVANCES TO CUSTOMERS EX NPL** | **115,188** | **114,755** | **433** | **0.4%** |

- **In the first quarter of 2020, Bankia continued to record strong numbers in the sale of high-value products. In mutual funds the Group carved out a market share of 7.32% (+27 basis points in the quarter)** buoyed by healthy inflows into its funds**.** The total figure for retail customer funds nevertheless declined by 2.3% in the quarter as a result of the lower volume of strict deposits (-0.9%), mainly term deposits, and of the impact of the marking to market of mutual funds (-7.6%) and pension funds (-7.5%). These movements took the overall figure for retail customer funds to 146,894 million euros at the close of the first quarter of 2020.

## RETAIL CUSTOMER FUNDS

| | | | | | | Change on Dec-19 | |
|---|---|---|---|---|---|---|---|
| (€ million) | Mar-20 | Dec-19 | Sep-19 | Jun-19 | Mar-19 | Amount | % |
| **Spanish public sector** | **4,980** | **4,778** | **7,130** | **6,825** | **7,135** | **202** | **4.2%** |
| **Other resident sectors** | **111,163** | **112,509** | **112,935** | **114,256** | **112,497** | **(1,346)** | **(1.2%)** |
| Current accounts | 62,205 | 40,712 | 40,208 | 40,134 | 39,499 | 21,493 | 52.8% |
| Savings accounts | 22,394 | 41,897 | 40,055 | 40,208 | 38,155 | (19,503) | (46.5%) |
| Term deposits | 26,564 | 29,900 | 32,672 | 33,914 | 34,843 | (3,336) | (11.2%) |
| **Non-residents** | **2,271** | **2,226** | **2,427** | **2,409** | **2,504** | **45** | **2.0%** |
| **Strict Customer Deposits** | **118,415** | **119,514** | **122,492** | **123,489** | **122,136** | **(1,099)** | **(0.9%)** |
| Mutual funds | 20,640 | 22,329 | 21,326 | 20,717 | 20,012 | (1,689) | (7.6%) |
| Pension funds | 7,840 | 8,474 | 8,329 | 8,234 | 8,158 | (634) | (7.5%) |
| **Total customer off-balance funds [1]** | **28,480** | **30,803** | **29,655** | **28,951** | **28,170** | **(2,323)** | **(7.5%)** |
| **TOTAL** | **146,894** | **150,316** | **152,147** | **152,440** | **150,306** | **(3,422)** | **(2.3%)** |

(1) Off-balance sheet products managed and marketed without SICAVS. Pension funds inlude mathematical provisions

## TOTAL CUSTOMER FUNDS

| (€ million) | Mar-20 | Dec-19 | Change Amount | Change % |
|---|---|---|---|---|
| Spanish public sector | 4,980 | 4,778 | 202 | 4.2% |
| Other resident sectors | 116,387 | 117,780 | (1,393) | (1.2%) |
| Current accounts | 62,205 | 40,712 | 21,493 | 52.8% |
| Savings accounts | 22,394 | 41,897 | (19,503) | (46.5%) |
| Term deposits | 26,564 | 29,900 | (3,336) | (11.2%) |
| Repo transactions | 307 | 36 | 271 | 753.1% |
| Singular mortgage securities | 4,917 | 5,235 | (318) | (6.1%) |
| Non-residents | 2,271 | 2,226 | 45 | 2.0% |
| **Funding via clearing houses and customer deposits** | **123,639** | **124,785** | **(1,146)** | **(0.9%)** |
| Debentures and other marketable securities | 15,611 | 15,697 | (86) | (0.5%) |
| Subordinated loans | 2,944 | 2,983 | (39) | (1.3%) |
| **TOTAL ON-BALANCE-SHEET CUSTOMER FUNDS** | **142,194** | **143,464** | **(1,271)** | **(0.9%)** |
| Mutual funds | 20,640 | 22,329 | (1,689) | (7.6%) |
| Pension funds | 7,840 | 8,474 | (634) | (7.5%) |
| **Off-balance-sheet customer funds (1)** | **28,480** | **30,803** | **(2,323)** | **(7.5%)** |
| **TOTAL CUSTOMER FUNDS** | **170,673** | **174,267** | **(3,594)** | **(2.1%)** |

(1) Off-balance sheet products managed and marketed without SICAVS. Pension funds inlude mathematical provisions

- **Customer deposits** totalled 123,639 million euros, marking a quarterly dip of 0.9% due to the maturity of term deposits and single-certificate mortgage covered bonds. This deposit volume places the Group's LTD ratio at 92.3%.

- **Wholesale funding** (debentures and other marketable securities and subordinated debt) stood at 18,555 million euros at the end of March 2020, largely unchanged volumes from December 2019.

## 5. RISK MANAGEMENT

### Non-performing loans (NPLs) declined 102 million euros in the quarter and the NPL ratio stands at 4.9%

- **NPLs were down 102 million euros** in the first quarter of the year (-1.6%), **trimming the Group's NPL ratio by 10 basis points to 4.9%.** The NPL ratio has thus been cut by 130 basis points since March 2019. On the other hand, **the NPL coverage ratio has increased by 1.3 percentage points** in the quarter, to 55.3% in March 2020.

- The decline in NPLs brought the gross balance of NPAs (NPLs plus foreclosed assets) to 8,234 million euros, reducing the **gross NPA ratio to 6.3**% of the Group's total risk-bearing assets at the end of March 2020. The lower NPLs and the improvement of the coverage place the **net NPA ratio at 3.2%** at the end of the first quarter of 2020.

### NPL RATIO AND COVERAGE RATIO

| | | | | | | Change | |
|---|---|---|---|---|---|---|---|
| (€ million and %) | Mar-20 | Dec-19 | Sep-19 | Jun-19 | Mar-19 | Importe | % / p.p. |
| Non-performing loans | 6,363 | 6,465 | 7,117 | 7,514 | 7,969 | (102) | (1.6%) |
| Total risk-bearing assets | 128,676 | 128,156 | 129,702 | 130,810 | 129,369 | 520 | 0.4% |
| **Total NPL ratio [1]** | **4.9%** | **5.0%** | **5.5%** | **5.7%** | **6.2%** | | **-0.1 p.p.** |
| **Total provisions** | 3,516 | 3,491 | 3,823 | 4,122 | 4,381 | 25 | 0.7% |
| **NPL coverage ratio** | **55.3%** | **54.0%** | **53.7%** | **54.9%** | **55.0%** | | **+1.3 p.p.** |

(1) NPL ratio: (Doubtfull risks of loans and advances to customers and contingent risks) / (Total risks of loans and advances to customers and contigent risks)

### CHANGE IN NPLs

| (€ million and %) | 1Q 2020 | 4Q 2019 | 3Q 2019 | 2Q 2019 | 1Q 2019 |
|---|---|---|---|---|---|
| **Non-performing loans at the begining of the period** | **6,465** | **7,117** | **7,514** | **7,969** | **8,416** |
| Net outflows | (13) | (123) | (90) | (144) | (92) |
| Write offs | (89) | (245) | (306) | (72) | (69) |
| Disposals related to NPLs sale of portfolios [1] | - | (284) | - | (239) | (286) |
| **Non-performing loans at the end of the period** | **6,363** | **6,465** | **7,117** | **7,514** | **7,969** |

(1) Includes mortgage NPLs allocated in "Non-current assets held for sale" after the sale agreements reached with Institutional investors

### FORECLOSED ASSETS

| | Gross Amount [1] | | | | |
|---|---|---|---|---|---|
| (€ million) | Mar-20 | Dec-19 [3] | Sep-19 | Jun-19 [2] | Mar-19 [2] |
| **Total** | **2,329** | **2,347** | **2,793** | **2,852** | **2,888** |
| (-) Assets assigned to the Social Housing Fund and rented [4] | (458) | (463) | (436) | (438) | (429) |
| **Total gross foreclosed assets** | **1,871** | **1,884** | **2,358** | **2,414** | **2,459** |

| | Impairments [1] | | | | |
|---|---|---|---|---|---|
| (€ million) | Mar-20 | Dec-19 [3] | Sep-19 | Jun-19 [2] | Mar-19 [2] |
| **Total** | **667** | **672** | **820** | **784** | **756** |
| (-) Assets assigned to the Social Housing Fund and rented [4] | (95) | (95) | (85) | (83) | (73) |
| **Total foreclosed assets impairments** | **572** | **577** | **735** | **701** | **683** |

| | Net Amount [1] | | | | |
|---|---|---|---|---|---|
| (€ million) | Mar-20 | Dec-19 [3] | Sep-19 | Jun-19 [2] | Mar-19 [2] |
| **Total** | **1,662** | **1,675** | **1,974** | **2,068** | **2,132** |
| (-) Assets assigned to the Social Housing Fund and rented [4] | (363) | (367) | (351) | (355) | (356) |
| **Total net foreclosed assets** | **1,299** | **1,308** | **1,623** | **1,713** | **1,776** |

(1) Includes all assets acquired by the Group in payment of debt, regardless if they are clasified as non-current assets held for sale, investment properties and inventories
(2) Mar-19 and Jun-19 data is calculated assuming the asset disposal due to the sale of portfolios to institutional investors closed in 3Q19
(3) Mar-20 and Dec-19 data is calculated assuming the disposals of assets signed in 2019 pending of approval
(4) Includes assets assigned to the Social Housing Fund, assets with special rental terms to vulnerable collectives and rented assets yielding >3%

## NON-PERFORMING ASSETS (NPAs)

| (€ million and %) | Mar-20 (2) | Dec-19 (2) | Sep-19 | Jun-19 (1) | Mar-19 (1) | Change Amount | Change % / p.p. |
|---|---|---|---|---|---|---|---|
| Gross Non-performing loans | 6,363 | 6,465 | 7,117 | 7,514 | 7,969 | (102) | (1.6%) |
| Gross foreclosed assets | 1,871 | 1,884 | 2,358 | 2,414 | 2,459 | (14) | (0.7%) |
| **Gross NPAs** | **8,234** | **8,350** | **9,475** | **9,928** | **10,428** | **(116)** | **(1.4%)** |
| NPL provisions | 3,516 | 3,491 | 3,823 | 4,122 | 4,381 | 25 | 0.7% |
| Impairments on foreclosed assets | 572 | 577 | 735 | 701 | 683 | (5) | (0.9%) |
| **NPAs provisions** | **4,088** | **4,068** | **4,558** | **4,823** | **5,064** | **20** | **0.5%** |
| Net NPL | 2,847 | 2,974 | 3,294 | 3,392 | 3,588 | (127) | (4.3%) |
| Net forclosed assets | 1,299 | 1,308 | 1,623 | 1,713 | 1,776 | (9) | (0.7%) |
| **Net NPAs** | **4,146** | **4,282** | **4,917** | **5,105** | **5,364** | **(136)** | **(3.2%)** |
| **Total risk** | **130,547** | **130,041** | **132,060** | **133,224** | **131,829** | **506** | **0.4%** |
| **Gross NPAs ratio** | **6.3%** | **6.4%** | **7.2%** | **7.5%** | **7.9%** | | **-0.1 p.p.** |
| **Net NPAs ratio** | **3.2%** | **3.3%** | **3.7%** | **3.8%** | **4.1%** | | **-0.1 p.p.** |
| **NPAs Coverage** | **49.7%** | **48.7%** | **48.1%** | **48.6%** | **48.6%** | | **+1.0 p.p.** |

(1) Mar-19 and Jun-19 data calculated assuming the asset disposal due to the sale of portfolios to institutional investors (Lone Star XI) in 4Q18 aproved in 3Q 2019.

(2) Mar-20 and Dec-19 data is calculated assuming the disposals of assets signed in 2019 pending of approval

## RESTRUCTURED LOANS

| (€ million and %) | Mar-20 | Dec-19 | Sep-19 | Jun-19 | Mar-19 | Change Amount | Change % / p.p. |
|---|---|---|---|---|---|---|---|
| Non-performing loans | 3,147 | 3,287 | 3,725 | 4,029 | 4,338 | (141) | (4.3%) |
| Performing loans | 3,098 | 3,448 | 3,702 | 3,657 | 3,772 | (350) | (10.1%) |
| **Total refinanced** | **6,245** | **6,735** | **7,427** | **7,687** | **8,111** | **(490)** | **(7.3%)** |
| Non-performing loans | 1,145 | 1,217 | 1,373 | 1,470 | 1,657 | (72) | (5.9%) |
| Performing loans | 114 | 127 | 160 | 162 | 177 | (13) | (10.4%) |
| **Total Impairments** | **1,258** | **1,344** | **1,533** | **1,632** | **1,834** | **(85)** | **(6.4%)** |
| Non-performing loans | 36.4% | 37.0% | 36.9% | 36.5% | 38.2% | | -0.6 p.p. |
| Performing loans | 3.7% | 3.7% | 4.3% | 4.4% | 4.7% | | - |
| **Total coverage** | **20.2%** | **20.0%** | **20.6%** | **21.2%** | **22.6%** | | **+0.2 p.p.** |

## 6. FUNDING STRUCTURE AND LIQUIDITY

- The Bankia Group has a solid liquidity position. At the end of March 2020, total liquid assets totalled 30,217 million euros and cover 1.3 times the Group's debt maturities, placing the LCR (Liquidity Coverage Ratio) at 189%. 1.3 times its debt maturities. It also has additional sources of funding of TLTRO lines (9,200 million euros) and issuance capacity of over 20,000 million euros.

- The Group's funding comprises customer deposits (64%), issuances and treasury (17%), repos (12%) and ECB funding (7%). At the end of March 2020, the LTD (Loan to Deposits) ratio was 92.3%. At the end of the quarter, customer deposits were at comfortable levels for managing the Group's liquidity and keeping the LTD ratio at between 90% and 100%.

- At the end of March 2020, the balance drawn down on the TLTRO totalled 13,751 million euros.

### LTD RATIO AND CUSTOMER FUNDING GAP

| | | | Change | |
|---|---|---|---|---|
| (€ million) | Mar-20 | Dec-19 | Amount | % |
| **Net Loans and advances to customers** | **117,817** | **117,444** | **373** | **0.3%** |
| o/w Repo transactions (1) | 78 | 15 | 62 | 405.3% |
| **a. Strict Net Loans and advances to customers** | **117,739** | **117,429** | **310** | **0.3%** |
| Strict customer deposits and retail commercial paper | 118,415 | 119,514 | (1,099) | (0.9%) |
| Single-certificate covered bonds | 4,917 | 5,235 | (318) | (6.1%) |
| ICO/EIB deposits (2) | 4,212 | 4,287 | (75) | (1.8%) |
| **b. Total Deposits** | **127,544** | **129,036** | **(1,492)** | **(1.2%)** |
| **LTD ratio (a/b)** | **92.3%** | **91.0%** | | **+1.3 p.p.** |

(1) Reverse repurchase agreements
(2) Since Mar-20 it includes the total funds received from EIB to provide mediation loans.
It has been used the same criteria in DEC-19 to make it comparable.

| (€ million) | Mar-20 | Dec-19 | Amount | % |
|---|---|---|---|---|
| **Net Loans and advances to customers** | **117,817** | **117,444** | **373** | **0.3%** |
| o/w Repo transactions (1) | 78 | 15 | 62 | 405.3% |
| **Strict Net Loans and advances to customers** | **117,739** | **117,429** | **310** | **0.3%** |
| (-) Strict customer deposits and retail commercial paper | 118,415 | 119,514 | (1,099) | (0.9%) |
| (-) ICO/EIB deposits (2) | 4,212 | 4,287 | (75) | (1.8%) |
| **Strict Comercial GAP** | **(4,888)** | **(6,372)** | **1,485** | **(23.3%)** |

(1) Reverse repurchase agreements
(2) Since Mar-20 it includes the total funds received from EIB to provide mediation loans.
It has been used the same criteria in Dec-19 to make it comparable.

### MATURITY OF ISSUANCES

| (€ million) (1) | 2020 | 2021 | 2022 | >2022 | TOTAL |
|---|---|---|---|---|---|
| Covered bonds | 100 | 2,025 | 3,235 | 10,280 | 15,641 |
| Senior debt | 2 | 35 | 30 | 2,570 | 2,637 |
| Subordinated debt | - | 175 | - | 2,750 | 2,925 |
| Securitisation | - | - | - | 1,282 | 1,282 |
| **Total issuance maturities** | **102** | **2,235** | **3,265** | **16,882** | **22,484** |

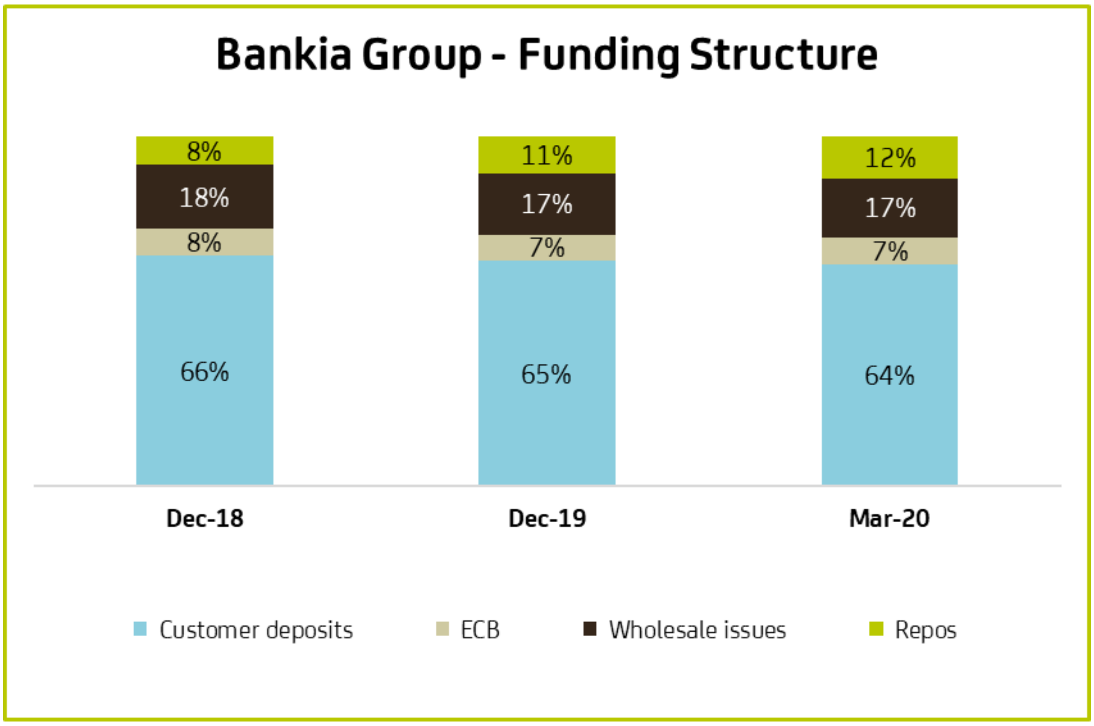
(1) Maturities of Bankia group in nominal values net of treasury shares and retained issuance

## LIQUID ASSETS

| | | | Change | |
|---|---|---|---|---|
| (€ million) | Mar-20 | Dec-19 | Amount | % |
| Treasury account and deposit facility (1) | 8,853 | 11,418 | (2,565) | (22.5%) |
| Undrawn amount on the facility | 11,315 | 6,161 | 5,154 | 83.7% |
| Available high liquidity assets (2) | 10,049 | 15,538 | (5,489) | (35.3%) |
| **Total** | **30,217** | **33,117** | **(2,900)** | **(8.8%)** |

(1) Cash and Central Banks accounts reduced by minimal reserves
(2) Market value considering ECB haircut

## FUNDING STRUCTURE



## 7. EQUITY

- **The Group's equity totalled** 12,954 million euros at the end of the first quarter of 2020, taking into account the dividends paid against 2019 earnings in April and booked in March.

### EQUITY

| (€ million) | Mar-20 (1) | Dec-19 | Sep-19 | Jun-19 | Mar-19 |
|---|---|---|---|---|---|
| **Equity at the beginning of the period** | **13,142** | **13,191** | **13,037** | **12,859** | **13,030** |
| + Result from the period | 94 | (34) | 176 | 195 | 205 |
| - Capital Reduction | | | | (15) | |
| +/- Movementes in reserves: | (373) | (15) | (21) | (2) | (375) |
| - Dividend paid (1) | (352) | | | | (354) |
| - AT1 coupon | (13) | (14) | (13) | (13) | (13) |
| +/- Other movements | (8) | (2) | (8) | 12 | (8) |
| **Equity at the closing of the period** | **12,863** | **13,142** | **13,191** | **13,037** | **12,859** |
| Global other accumulated result | 78 | 180 | 186 | 291 | 212 |
| Minority interests | 14 | 13 | 13 | 13 | 13 |
| **Total Equity** | **12,954** | **13,335** | **13,391** | **13,341** | **13,084** |

(1) At 31 March 2020 the total equity amount discounts the dividend which the General Shareholders Meeting approved to pay against 2019 (€352mn excluding the treasury stocks which don´t receive divedend)

## 8. SOLVENCY

- **In March 2020, the Bankia Group posted a CET1 Fully Loaded ratio of 12.95%** (12.92% stripping out unrealised gains on the fair value portfolio). The Phase-In CET1 ratio was 13.98% and the Total Capital ratio was 17.73%. These levels represent a CET1 ratio surplus of +560 basis points and Total Capital ratio surplus of +498 basis points over and above the SREP minimum capital requirements set by the Supervisor for 2020. In this respect, at its meeting of 12 March 2020, the ECB announced it was moving up its **implementation of Article 104** of the CRR II, authorising partial use of AT1 and Tier 2 instruments to cover the Pillar 2R requirement (2% for the Bankia Group). As a result, **in March 2020 the minimum regulatory CET1 capital requirement initially set by the supervisor (9.25%) was adjusted to 8.38% after applying Article 104 a) of the Banking Directive CRR II.**

- At the end of the quarter the Phase-In leverage ratio was 5.76% and the MREL ratio over RWAs stood at 21.53%.

| | Mar-20 (1) | |
|---|---|---|
| (€ million and %) | Phase In | Fully Loaded |
| **Management ratios** (2) | | |
| Common equity Tier I - CET1 (%) | 13.96% | 12.92% |
| Total capital ratio (%) | 17.71% | 16.67% |
| **Regulatory capital ratios (incl. FV unrealised gains):** | | |
| Common equity Tier I - CET1 | 13.98% | 12.95% |
| Total capital ratio (%) | 17.73% | 16.70% |
| CET1 2020 SREP requirement (incl. additional buffers) | 8.38% | 8.38% |
| Total solvency 2020 SREP requirement (incl. additional buffers) | 12.75% | 12.75% |
| **CET1 surplus over SREP requirement** | **5.60%** | **4.57%** |
| **Total Solvency surplus over SREP requirement** | **4.98%** | **3.95%** |

(1) Solvency ratios include the result and do not discount the regulatory adjustment due to the dividend payment expected against the 2020 annual re
(2) Does not include unrealised gains on the fair value sovereign (FV) portfolio

## SOLVENCY RATIOS AND LEVERAGE

### RATIOS FULLY LOADED

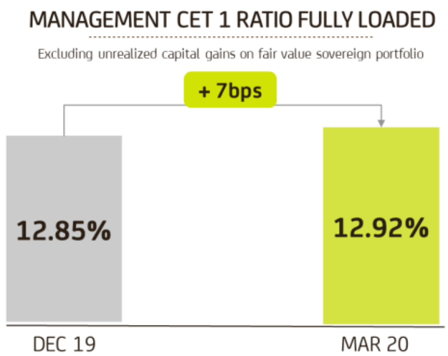
| (€ million and %) | Mar -20 (1) | Dec -19 (1) |
|---|---|---|
| Eligible capital | 13,016 | 13,027 |
| Common equity Tier I (CET 1) | 10,094 | 10,105 |
| Capital | 3,689 | 3,689 |
| Reserves (as per reserve perimeter) | 9,135 | 9,016 |
| Result attributable net of dividend accrual | 94 | 132 |
| Deductions | (2,793) | (2,824) |
| Others (treasury stocks, Non-controlling interests and | (32) | 91 |
| Tier I Capital | 11,344 | 11,355 |
| Instruments | 1,250 | 1,250 |
| Tier II Capital | 1,673 | 1,672 |
| Instruments | 1,672 | 1,672 |
| Others | 0 | 0 |
| Risk-weighted assets | 77,947 | 77,635 |
| **Common equity Tier I (CET 1) (%)** | **12.95%** | **13.02%** |
| Tier I Capital | 14.55% | 14.63% |
| Tier II Capital | 2.15% | 2.15% |
| **Solvency ratio - Total capital ratio (%)** | **16.70%** | **16.78%** |
| **Leverage ratio (Fully Loaded)** | **5.40%** | **5.43%** |
| **Leverage ratio total exposure** | **209,971** | **209,083** |

(1) Solvency ratios include the result attributable to the Group in the period and do not contemplate any dividend payment in 2020

### RATIOS PHASE IN

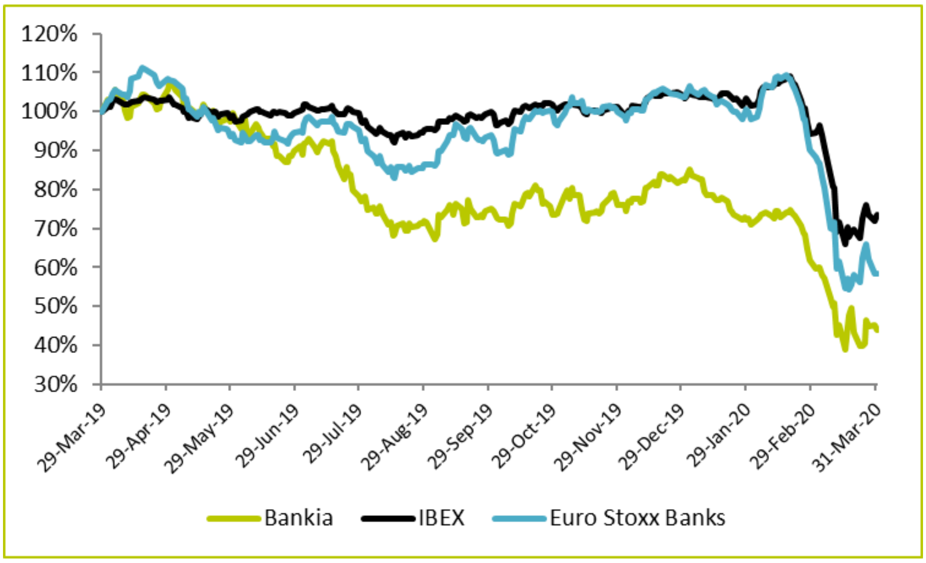
| (€ million and %) | Mar -20 (1) | Dec -19 (1) |
|---|---|---|
| Eligible capital | 13,823 | 14,042 |
| Common equity Tier I (CET 1) | 10,900 | 11,120 |
| Capital | 3,689 | 3,689 |
| Reserves (as per reserve perimeter) | 9,135 | 9,016 |
| Result attributable net of dividend accrual | 94 | 132 |
| Deductions | (1,986) | (1,808) |
| Others (treasury stocks, Non-controlling interests and | (32) | 91 |
| Tier I Capital | 12,150 | 12,370 |
| Instruments | 1,250 | 1,250 |
| Others | 0 | 0 |
| Tier II Capital | 1,673 | 1,672 |
| Instruments | 1,672 | 1,672 |
| Others | 0 | 0 |
| Risk-weighted assets | 77,947 | 77,635 |
| **Common equity Tier I (CET 1) (%)** | **13.98%** | **14.32%** |
| Tier I Capital | 15.59% | 15.93% |
| Tier II Capital | 2.15% | 2.15% |
| **Solvency ratio - Total capital ratio (%)** | **17.73%** | **18.09%** |
| MREL eligible issuances | 2,956 | 2,976 |
| **MREL ratio on RWAs (%)** | **21.53%** | **21.92%** |
| **Leverage ratio (Phase In)** | **5.76%** | **5.89%** |
| **Leverage ratio total exposure** | **210,778** | **210,098** |

(1) Solvency ratios include the result attributable to the Group in the period and do not contemplate any dividend payment in 2020



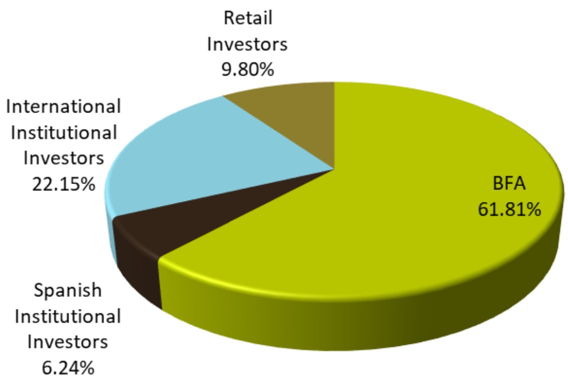
## 9. SHARE PERFORMANCE

### SHARE PRICE




### MAJOR SHAREHOLDERS AND STOCK MARKET DATA

| BANKIA (stock data) | Mar-2020 |
|---|---|
| Number of shareholders | 172.420 |
| Daily average volume (num. shares) | 11,240,361 |
| Daily average turnover (euros) | 15,383,645 |
| Maximum closing price (€/share) | 1,970 (2-Jan) |
| Minimum closing price (€/share) | 0,899 (16-Mar) |
| Closing price (€/share) | 1,018 (31-Mar) |



## 10. RATING

The main changes in Bankia's credit ratings during the first quarter of 2020 were as follows:

- On 27 March, **Fitch Ratings (Fitch) placed the long-term outlook for Bankia on Rating Watch Negative (RWN).**
- On 8 April, in step with the change for banks of 27 March, **Fitch placed the outlook for Bankia's mortgage covered bonds from Stable to Rating Watch Negative (RWN).**
- After the close of the first quarter of the year, on 15 April, **the agency DBRS ratified Bankia's BBB (high) rating and downgraded the outlook from Positive to Stable.**

### CREDIT AGENCY RATINGS

| Issuer Ratings | S&P Global Ratings | Fitch Ratings | DBRS | Scope |
|---|---|---|---|---|
| Long-term | BBB | BBB | BBB (high) | BBB+ |
| Short-term | A-2 | F2 | R-1 (low) | S-2 |
| Outlook | Stable | RWN | Stable | Stable |
| Date | 31-May-19 | 27-Mar-20 | 15-Apr-20 | 09-May-19 |
| **Mortgage Covered Bonds Rating** | **S&P Global Ratings** | **Fitch Ratings** | **DBRS** | **Scope** |
| Rating | AA | A+ | AAA | AAA |
| Outlook | Stable | RWN | --- | Stable |
| Date | 04-Oct-19 | 8-Apr-20 | 20-Sep-19 | 12-Jul-19 |

## 11. SIGNIFICANT EVENTS DURING THE QUARTER

### Healthcare crisis occasioned by COVID-19

This past 11 March 2020, the World Health Organisation declared the coronavirus disease (COVID-19) outbreak a global pandemic. To confront this situation, the Government of Spain has carried out the following actions: (i) declaration of a "state of alarm" with the approval of Royal Decree 463/2020 of 14 March 20202 adopting a series of measures to protect the health and safety of citizens, contain the spread of the disease and strengthen the public health system; (ii) approval of Royal Decree Law 8/2020 of 17 March 2020 on extraordinary urgent measures to confront the economic and social impact of COVID-19 (“RDL 8/2020”); (iii) approval of Royal Decree Law 10/2020 of 29 March 2020 regulating a recoverable paid leave for employees who do not provide essential services, with the aim of reducing the mobility of the population as part of the fight against COVID-19; and (iv) approval of Royal Decree Law 11/2020 of 31 March 2020 adopting additional urgent measures in the social and economic sphere to confront the healthcare crisis caused by COVID-19 (“RDL 11/2020”).

In relation to the measures adopted by the Government via RDL 8/2020 and RDL 11/2020, Bankia has designed additional products that complement the steps taken by the authorities in these RDLs. The bank is thus offering customers affected by the COVID-19 crisis twelve months of moratoria on mortgage principal payments and six months moratorium principal payments on personal consumer loans. Bankia has also put into practice other measures aimed at covering the financial needs of customers and suppliers affected by the coronavirus, including early payments of pensions and unemployment benefits, lengthening of the timetables for repaying short-term credit facilities, the granting of bridging loans until the new ICO guarantee facilities are obtained, more flexible terms for fees and commissions and continued remuneration of suppliers on condition that they maintain the employment conditions of the staff that provide services to Bankia.

In relation to the medical care crisis caused by COVID-19, Bankia has taken the necessary measures to ensure continuity of its activity and the health of its employees and customers. The bank is fully operational and is working as provided in the contingency plans that have been activated. In this respect, fewer than 5% of the bank's offices have had to close as a result of COVID-19. Most of the bank's personnel are working remotely (around 50% of employees in the branch network and more than 94% in central services) with no detriment to service quality.

With respect to the possible economic impact on the bank, it is still too soon to determine how the COVID-19 crisis will affect Bankia's earnings, given the unprecedented nature of this situation and the difficulty of gauging its intensity and length. The effect of the COVID-19 crisis in 2020 will depend on its evolution and on the success both of the containment measures and of the economic policy initiatives that are being implemented by national and European authorities, but it can in no event be ruled out that the economic shock will be felt in the bank's profitability and solvency.

In any event, the Bankia Group has a solid capital position, with a Phase-In CET1 ratio of 13.98% at the end of March 2020, giving it a surplus of 560 basis points over the SREP minimum capital requirements set by the supervisor for 2020. Similarly, as at the end of the first quarter of 2020 the Group has an LCR ratio of 189% and liquid assets of more than 30,200 million euros. This strong position gives the Bankia Group an ample buffer for confronting the consequences that may arise from the most adverse scenarios.

### Shareholder remuneration

On 2 April 2020, executing the resolutions approved by shareholders at the General Meeting on 27 March 2020, Bankia distributed a dividend against 2019 earnings for a gross amount of 352 million euros (0.11576 euros per share), after discounting own shares, which do not receive dividends.

On 27 March, the Governing Council of the ECB issued a notice recommending that banks refrain from making dividend distributions and performing share buybacks during the period of COVID-19-related economic shock. In this regard, the Board of Directors of Bankia has decided that, given the potential impact of the situation caused by COVID-19, the bank should be very prudent when it comes time to fix the shareholder’s retribution policy. Accordingly, it has revised the capital distribution objective charted in the Strategic Plan 2018-2020, waiving any extraordinary distribution for the current year and anticipating extreme prudence for deciding on any eventual dividend against 2020 earnings, as it disclosed in the Non-public Information submitted to Spain’s securities exchange authority, the CNMV, this past 27 March.

# 12. APPENDIX

## COMPOSITION OF FIXED-INCOME PORTFOLIOS

| | | | Change | |
|---|---|---|---|---|
| (€ million and %) | Mar-20 (1) | Dec-19 (1) | Amount | % |
| ALCO Portfolio | 26,210 | 23,441 | 2,769 | 11.8% |
| NON ALCO Portfolio | 600 | 648 | (48) | (7.4%) |
| SAREB Bonds | 18,510 | 18,639 | (129) | (0.7%) |
| **Total Fixed Income Portfolio** | **45,320** | **42,728** | **2,592** | **6.1%** |

(1) Nominal values of the "fair value" and "amortised cost" portfolios

## ALTERNATIVE PERFORMANCE MEASURES (APMs)

In addition to the financial information prepared in accordance with generally accepted accounting principles (IFRS), the Bankia Group uses certain alternative performance measures ("APMs") that are normally employed in the banking sector as indicators for monitoring the management of the Group's assets and liabilities and its financial and economic position. In compliance with the ESMA guidelines on transparency and investor protection in the European Union published in October 2015, the following tables give details of all the APMs used in this document, including their definitions, the relevance of their use and a reconciliation with the balance sheet and income statement line items used in their calculation.

**1.- Activity and business**

- **Total customer funds**

**Definition:** sum of customer deposits, senior and subordinated wholesale issues and resources managed off-balance-sheet.

**Relevance of its use**: figure used as indicator of performance of the total volume of funds captured by the Group in the market.

**Manner of calculation:** sum of the following items:

- Customer deposits on balance sheet
- Marketable debt securities included on balance sheet
- Mutual funds and pension funds managed and marketed by the Group without including SICAVS.

| (€ million) | | Mar-20 | Dec-19 |
|---|---|---|---|
| Sum | + Customer Deposits | 123,639 | 124,785 |
| | + Debt securities in issue | 18,555 | 18,680 |
| | + Mutual funds without SICAVS | 20,640 | 22,329 |
| | + Pension funds | 7,840 | 8,474 |
| = | **Total Customer Funds** | **170,673** | **174,267** |

**2.- Profitability and efficiency**

- **Net trading income (NTI)**

**Definition:** Sum of the gains or losses obtained from management of portfolios of financial assets and liabilities and accounting hedges, as they are recorded on the income statement.

**Relevance of its use**: figure routinely used in banking sector to monitor revenue performance in activities outside the standard banking business.

**Manner of calculation:** sum of the gains or losses from the following income statement items:

- Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net.
- Gains or (-) losses on financial assets and liabilities held for trading, net.
- Gains or losses on financial assets not held for trading that are mandatorily measured at fair value through profit or loss, net.
- Gains or losses on financial assets and liabilities designated at fair value through profit or loss, net.
- Gains or (-) losses from hedge accounting, net

| (€ million) | | Mar-20 | Mar-19 |
|---|---|---|---|
| Sum | + Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net. | 67 | 37 |
| | + Gains or losses on financial assets and liabilities held for trading, net. | (6) | 7 |
| | + Gains or losses on financial assets not held for trading that are mandatorily measured at fair value through profit or loss, net. | 0.2 | 0.3 |
| | + Gains or losses on financial assets and liabilities designated at fair value through profit or loss, net. | 0 | 0 |
| | + Gains or losses from hedge accounting, net | 2 | (6) |
| **=** | **Net trading income (NTI)** | **64** | **37** |

- **Pre-provision profit**

**Definition:** gross income on income statement less administrative expenses and depreciation and amortization charges

**Relevance of its use**: parameter commonly used in banking sector to track operating performance of the bank without taking into account expenses of provisioning for contingencies, credit risk and impairment of property assets and shareholdings

**Manner of calculation:** aggregate amount of the following items on the income statement:

- Gross income
- Administrative expenses
- Depreciation and amortization

| (€ million) | | Mar-20 | Mar-19 |
|---|---|---|---|
| Sum | + Gross income | 823 | 813 |
| | + Administrative Expenses | (415) | (407) |
| | + Amortisations | (47) | (50) |
| **=** | **Pre-provision profit** | **361** | **357** |

- **Core result**

**Definition:** result obtained by the Group from its core activity (net interest income and fees and commissions) after deducting operating expenses (administrative expenses and depreciation and amortization charges).

**Relevance of its use**: used to relate operating costs to the generation of revenue from the bank's recurring business.

**Manner of calculation:** aggregate amount of the following items on the income statement:

- Net interest income
- Net fee and commission income (fees and commissions received less fees and commissions paid)
- Administrative expenses
- Depreciation charges

| (€ million) | | Mar-20 | Mar-19 |
|---|---|---|---|
| Sum | + Net interest income | 458 | 502 |
| | + Total net fees and commissions | 284 | 260 |
| | + Administrative expenses | (415) | (407) |
| | + Amortisations | (47) | (50) |
| **=** | **"Core" Result** | **280** | **306** |

- **Customer margin**

**Definition:** difference between the average interest rate charged on loans and advances to customers and the average interest rate paid on customer deposits.

**Relevance of its use**: metric routinely used in the banking business to measure the return earned by banks on standard operations with customers.

**Manner of calculation:** the average interest rate on loans and advances to customers is the interest income from loans and advances to customers recognised in the period divided by the average month-end balance of loans and advances to customers in the period. The average interest rate paid on customer deposits is interest expenses on customer deposits recognised in the period divided by the average month-end balance of customer deposits in the period. If this metric is presented prior to year-end, the numerator of both quotients (interest income and expenses) are annualised.

| (€ million & %) | | Mar-20 | Mar-19 |
|---|---|---|---|
| **%** | **A Average interest rate on loans and advances to customers (b)/(c)** | **1.59%** | **1.70%** |
| | (a) Interest income on loans and advances to customers | 464 | 496 |
| Numerator | (b) Annualised interest income on loans and advances to customers | 1,867 | 2,011 |
| Denominator | (c) Average month-end balance of loans and advances to customers | 117,092 | 117,970 |
| **%** | **B Average interest rate paid on customer deposits (e)/(f)** | **0.07%** | **0.10%** |
| | (d) Interest expenses on customer deposits | 21 | 33 |
| Numerator | (e) Annualised interest expenses on customer deposits | 85 | 132 |
| Denominator | (f) Average month-end balance of customer deposits | 123,121 | 126,550 |
| **A-B =** | **Customer margin (%)** | **1.52%** | **1.60%** |

- **Interest margin**

**Definition:** difference between the Group's average return on assets and the average cost of liabilities and equity.

**Relevance of its use**: metric commonly used by financial institutions to measure the return obtained on all of their asset investments.

**Manner of calculation:** the average return on assets is the total interest income recognised in the income statement divided by the average month-end balance in the period.

The average cost of liabilities and equity is the interest expense recognised in the income statement divided by the average month-end balances of equity and liabilities in the period. If this metric is presented prior to year-end, the numerator of both quotients (interest income and expenses) are annualised.

| (€ million & %) | | Mar-20 | Mar-19 |
|---|---|---|---|
| **%** | **A Average return on assets (b)/(c)** | **1.07%** | **1.19%** |
| | (a) Total interest income | 551 | 605 |
| Numerator | (b) Total annualised interest income | 2,216 | 2,454 |
| Denominator | (c) Average month-end balances of assets | 207,372 | 205,888 |
| **%** | **B Average cost of liabilities and equity (e)/(f)** | **0.18%** | **0.20%** |
| | (d) Total interest expenses | 93 | 103 |
| Numerator | (e) Total annualised interest expenses | 374 | 420 |
| Denominator | (f) Average month-end balances of total equity and liabilities | 207,372 | 205,888 |
| **A-B =** | **Interest margin (%)** | **0.89%** | **0.99%** |

- <u>ROA</u>

**Definition:** measures the return on assets of the bank.

**Relevance of its use**: metric routinely used, not just in the banking sector but in other sectors as well, to measure the bank's capacity to generate returns on the assets in which it has invested.

**Manner of calculation:** profit or loss recognised in the income statement (numerator) divided by the average month-end balance of assets in the period. If this metric is presented prior to year-end, the numerator is annualised.

| (€ million & %) | | Mar-20 | Mar-19 |
|---|---|---|---|
| | (a) Profit/(loss) in the period | 94 | 205 |
| Numerator | (b) Annualised profit/(loss) in the period | 379 | 830 |
| Denominator | (c) Average month-end balance of assets | 207,372 | 205,888 |
| **(b)/(c) =** | **ROA (%)** | **0.2%** | **0.4%** |

- <u>RORWA</u>

**Definition:** measures the return obtained by the bank on its average risk-weighted assets.

**Relevance of its use**: metric routinely used in the financial sector to measure the return obtained by the bank on its risk-weighted assets, which already embody a corrective factor as a function of the risk assumed by the bank in the different types of assets in which it invests.

**Manner of calculation:** profit or loss for the year divided by regulatory risk-weighted assets at the end of the period. If this metric is presented prior to year-end, the numerator is annualised.

| (€ million & %) | | Mar-20 | Mar-19 |
|---|---|---|---|
| | (a) Profit/(loss) in the period | 94 | 205 |
| Numerator | (b) Annualised profit/(loss) in the period | 379 | 830 |
| Denominator | (c) Regulatory risk-weighted assets | 77,947 | 82,552 |
| **(b)/(c) =** | **RORWA (%)** | **0.5%** | **1.0%** |

- **ROE**

**Definition:** measures the return on equity obtained by the bank.

**Relevance of its use**: profit metric routinely used by banks and other businesses to measure the return obtained by the bank on its shareholders' funds.

**Manner of calculation:** the attributable profit/(loss) of the parent company divided by the average month-end equity of the 12 months preceding the period-end adjusted for expected dividends. If this metric is presented prior to year-end, the numerator is annualised.

| (€ million & %) | | | Mar-20 (1) | Mar-19 |
|---|---|---|---|---|
| | | (a) Profit/(loss) in the period attributable to the parent entity | 94 | 205 |
| Numerator | | (b) Annualised Profit/(loss) in the period attributable to the parent entity | 379 | 831 |
| Denominator | | (c) Average equity | 12,839 | 12,708 |
| **(b)/(c)** | **=** | **ROE (%)** | **3.0%** | **6.5%** |

(1) Mar-20 equity does not contemplate any expected dividend payment against 2020 result

- **ROTE**

**Definition:** measures the return on equity obtained by the bank excluding intangible assets.

**Relevance of its use**: indicator used to measure the rate of return on the tangible common equity of banks.

**Manner of calculation**: the attributable profit of the parent company divided by the average value of equity less intangible assets for the 12 months preceding the period-end, adjusted for expected dividends. If this metric is presented prior to year-end, the numerator is annualised.

| (€ million & %) | | | Mar-20 (1) | Mar-19 |
|---|---|---|---|---|
| | | (a) Profit/(loss) in the period attributable to the parent entity | 94 | 205 |
| Numerator | | (b) Annualised Profit/(loss) in the period attributable to the parent entity | 379 | 831 |
| Denominator | | (c) Average tangible equity | 12,457 | 12,418 |
| **(b)/(c)** | **=** | **ROTE (%)** | **3.0%** | **6.7%** |

(1) Mar-20 equity does not contemplate any expected dividend payment against 2020 result

- **Efficiency ratio**

**Definition:** measures the operating expenses incurred by the bank as a percentage of its gross income.

**Relevance of its use**: a metric commonly used in the banking sector to relate costs to revenue.

**Manner of calculation**: operating expenses (administrative expenses + depreciation and amortization charges) divided by gross income for the period, both as recognised in the income statement.

| (€ million & %) | | | Mar-20 | Mar-19 |
|---|---|---|---|---|
| Numerator | | (a) Operating expenses | 461 | 456 |
| | | Administrative expenses | 415 | 407 |
| | | Amortisation | 47 | 50 |
| Denominator | | (b) Gross Income | 823 | 813 |
| **(a)/(b)** | **=** | **Cost to income (%)** | **56.1%** | **56.1%** |

## 3.- Risk management

- **Cost of risk**

**Definition:** measures the percentage relationship between non-performing loan provisions and the total balance sheet and contingent risks of the bank.

**Relevance of its use**: metric used to monitor the cost of loan loss provisions with respect to the bank's loan portfolio.

**Manner of calculation**: Sum of losses from impairment of financial assets and provisions for contingent risks included under "Provisions (net)" on the income statement divided by the average value of gross loans and advances to customers (before provisions) and contingent risks in the period The impairment losses on financial assets are measured net of extraordinary, non-recurrent provisions, the external costs of recoveries and the movement in impairment losses on fixed-income instruments. If this metric is presented prior to year-end, the numerator is annualised.

| (€ million & %) | | | Mar-20 | Mar-19 |
|---|---|---|---|---|
| | | **A Total impairment for calculation of cost of risk (a)+(b)+(c)+(d)** | **77** | **57** |
| | | (a) Impairment losses on financial assets (net) | 195 | 55 |
| | | (b) (-) Impairment of fixed-income instruments | -- | -- |
| | | (c) (+) Provisions/release of provisions for contingent risks | (8) | 2 |
| | | (d) (-) COVID-19 extraordinary provisions | (110) | -- |
| **Numerator** | | **B Annualised total impairments for calculation of cost of risk** | **309** | **231** |
| **Denominator** | | **C Total average credit and contingent risk in the period (e) + (f)** | **127.733** | **129.126** |
| | | (e) Average gross value of loans and advances to customers in the period | 118.945 | 120.872 |
| | | (f) Average gross value of contingent risks in the period | 8.788 | 8.253 |
| **B/C** | **=** | **Recurrent Cost of risk (%)** | **0,24%** | **0,18%** |

- **Total write-offs divided by total NPAs**

**Definition**: measures the percentage relationship between non-performing loan provisions and impairments of foreclosed assets and the total balance sheet, contingent risks and foreclosed assets of the bank.

**Relevance of its use:** metric used to monitor the cost of loan loss provisions and impairments of foreclosed assets with respect to the bank's loan portfolio and the stock of foreclosed asstes.

**Manner of calculation:** Sum of losses from impairment of financial assets and provisions for contingent risks and impairments of foreclosed assets divided by the average value of gross loans and advances to customers (before provisions), contingent risks and foreclosed assets in the period The impairment losses on financial assets are measured net of extraordinary, non-recurrent provisions, the external costs of recoveries and the movement in impairment losses on fixed-income instruments. If this metric is presented prior to year-end, the numerator is annualised.

| millones euros y % | | | Mar-20 | Mar-19 |
|---|---|---|---|---|
| | | **A Total impairments (a)+(b)+(c)+(d)+(e)** | **92** | **88** |
| | | (a) Impairment losses on financial assets (net) | 195 | 55 |
| | | (b) (-) COVID-19 extraordinary provisions on financial assets | (110) | -- |
| | | (c) (+) Provisions/release of provisions for contingent risks | (8) | 2 |
| | | (d) Impairments on foreclosed assets | 30 | 31 |
| | | (e) (-) COVID-19 extraordinary provisions on foreclosed assets | (15) | -- |
| **Numerator** | | **B Total annualised impairments** | **370** | **359** |
| **Denominator** | | **C Total Average of credit, contingent risk and foreclosed asset (f)+(g)+(h)** | **130,068** | **132,017** |
| | | (f) Average of Loans and advances to customers | 118,945 | 120,872 |
| | | (g) Average Contingent risks | 8,788 | 8,253 |
| | | (h) Average of foreclosed assets in the period [1] | 2,335 | 2,891 |
| **B/C** | **=** | **Total impairments on NPAs (%)** | **0.28%** | **0.27%** |

(1) Mar-20 and Dec-19 data is calculated assuming the disposals of assets signed in 2019 pending of approval

- <u>NPL ratio</u>

**Definition:** relationship between the Group's risks classified as non-performing and the total balance of customer credit risk and contingent risks. The balance of this metric includes amounts of minor significance with credit institutions and fixed-income positions.

**Relevance of its use**: one of the main indicators used by banks to track the state and evolution of their credit risk.

**Manner of calculation**: the Group's non-performing loans divided by its total risk-bearing assets, the greater part of which are concentrated in loans and advances to customers.

| (€ million & %) | | | Mar-20 | Dec-19 |
|---|---|---|---|---|
| **Numerator** | **A** | **Non-performing loans and contingent liabilities (NPEs) (a)+(b)+(c)** | **6,363** | **6,465** |
| | (a) | Non-performing Loans and advances to customers | 5,763 | 5,853 |
| | (b) | Contingent risks | 587 | 600 |
| | (c) | Credit institutions and fixed income | 13 | 13 |
| **Denominator** | **B** | **Total credit and contingent risk (d)+(e)+(f)** | **128,676** | **128,156** |
| | (d) | Total Loans and advances to customers | 119,724 | 119,440 |
| | (e) | Total Contingent risks | 8,940 | 8,703 |
| | (f) | Credit institutions and fixed income | 13 | 13 |
| **A/B** | **=** | **Total NPL ratio (%)** | **4.9%** | **5.0%** |

- <u>NPL coverage ratio</u>

**Definition:** reflects the degree to which the impairment of doubtful loans is covered in the accounts , for accounting purposes, by loan loss provisions.

**Relevance of its use:** indicator routinely used in the banking industry to monitor provision coverage of non-performing loans.

**Manner of calculation:** allowances for loan losses divided by the non-performing loans of the Group. The allowances for loan losses include the provisions set aside by the Group to cover non-performing loans. Non-performing loans include both those in respect of loans and advances to customers and those associated with contingent risks and doubtful receivables from credit institutions and fixed income.

| (€ million & %) | | | Mar-20 | Dec-19 |
|---|---|---|---|---|
| Numerator | | (a) Impairments of loans and contingent liabilities | 3,516 | 3,491 |
| Denominator | | (b) Non-performing loans and contingent liabilities (NPEs) | 6,363 | 6,465 |
| **(a)/(b)** | **=** | **NPL coverage ratio (%)** | **55.3%** | **54.0%** |

- <u>Gross NPA ratio</u>

**Definition**: the sum of gross non-performing loans and foreclosed assets as a percentage of total loans and advances to customers, contingent liabilities and foreclosed assets of the Group.

**Relevance of its use**: one of the indicators used by banks to track the state and evolution of the risks associated with their non-performing assets.

**Manner of calculation**: gross book amount (before provisions) of doubtful loans and advances to customers, contingent liabilities (NPEs) and foreclosed assets (gross NPAs) as a percentage of total gross loans and advances to customers (before provisions), contingent liabilities (before provisions) and gross foreclosed assets (before impairment losses).

| (€ million & %) | | | Mar-20 | Dec-19 |
|---|---|---|---|---|
| **Numerator** | **A** | **Gross NPAs (a)+(b)** | **8,234** | **8,350** |
| | (a) | Non-performing loans and contingent liabilities (NPEs) | 6,363 | 6,465 |
| | (b) | Gross foreclosed assets (1) | 1,871 | 1,884 |
| **Denominator** | **B** | **Total credit and contingent risk and foreclosed assets (c)+(d)** | **130,547** | **130,041** |
| | (c) | Total credit and contingent risk | 128,676 | 128,156 |
| | (d) | Gross foreclosed assets (1) | 1,871 | 1,884 |
| **A/B** | **=** | **Gross NPA ratio (%)** | **6.3%** | **6.4%** |

(1) Mar-20 and Dec-19 data is calculated assuming the disposals of assets signed in 2019 pending of approval

- **Net NPA ratio**

**Definition**: the sum of non-performing loans and foreclosed assets net of provisions as a percentage of total loans and advances to customers, contingent liabilities and foreclosed assets of the Group.

**Relevance of its use**: one of the indicators used by banks to track the state and evolution of the risks associated with their non-performing assets.

**Manner of calculation**: net book amount (after provisions and impairment losses) of doubtful loans and advances to customers, contingent liabilities and foreclosed assets (net NPAs) as a percentage of total gross loans and advances to customers (before provisions), contingent liabilities (before provisions) and gross foreclosed assets (before impairment losses).

| (€ million & %) | | | Mar-20 | Dec-19 |
|---|---|---|---|---|
| **Numerator** | **A** | **Net NPAs (a)+(b)+(c)+(d)** | **4,146** | **4,282** |
| | (a) | Non-performing loans and contingent liabilities (NPEs) | 6,363 | 6,465 |
| | (b) | Gross foreclosed assets (1) | 1,871 | 1,884 |
| | (c) | Impairments of loans and contingent liabilities | (3,516) | (3,491) |
| | (d) | Impairments of foreclosed assets | (572) | (577) |
| **Denominator** | **B** | **Total credit and contingent risk and foreclosed assets (c)+(d)** | **130,547** | **130,041** |
| | (e) | Total credit and contingent risk | 128,676 | 128,156 |
| | (f) | Gross foreclosed assets (1) | 1,871 | 1,884 |
| **A/B** | **=** | **Net NPAs ratio (%)** | **3.2%** | **3.3%** |

(1) Mar-20 and Dec-19 data is calculated assuming the disposals of assets signed in 2019 pending of approval

- **NPA coverage ratio**

**Definition**: measures the extent to which impairment losses on doubtful assets and foreclosed assets are covered by provisions.

**Relevance of its use**: indicator routinely used by banks to monitor the provision coverage of their non-performing assets.

**Manner of calculation**: book amount of allowances for impairment of loans and advances to customers, contingent liabilities and foreclosed assets as a percentage of the gross book amount of non-performing loans and advances to customers, contingent liabilities (NPEs) and foreclosed assets.

| (€ million & %) | | | Mar-20 | Dec-19 |
|---|---|---|---|---|
| **Numerator** | **A** | **Impairments of NPAs (a)+(b)** | **4,088** | **4,068** |
| | (a) | Impairments of loans and contingent liabilities | 3,516 | 3,491 |
| | (b) | Impairments of foreclosed assets | 572 | 577 |
| **Denominator** | **B** | **Gross NPAs (c)+(d)** | **8,234** | **8,350** |
| | (c) | Non-performing loans and contingent liabilities (NPEs) | 6,363 | 6,465 |
| | (d) | Gross foreclosed assets (1) | 1,871 | 1,884 |
| **A/B** | **=** | **NPAs´ coverage (%)** | **49.7%** | **48.7%** |

(1) Mar-20 and Dec-19 data is calculated assuming the disposals of assets signed in 2019 pending of approval

**4.- Liquidity**

- **Loan to deposits (LTD) ratio**

**Definition:** metric that reflects the relationship between loans granted to customers and deposits taken from customers.

**Relevance of its use:** indicator routinely used by financial institutions to show the degree to which customer deposits fund the loan book.

**Manner of calculation:** net loans and advances to customers per the balance sheet divided by customer deposits on balance sheet plus funds raised through second-floor loans received from the EIB and ICO. The loans and advances to customers per the balance sheet are reduced by repo purchases of assets and customer deposits on balance sheet are reduced by repo sales of assets.

| (€ million & %) | | | Mar-20 | Dec-19 |
|---|---|---|---|---|
| **Numerator** | | **A Net Loans and advances to customers (a)+(b)-(c)** | **117,739** | **117,429** |
| | | (a) Net Loans and advances to customers (non held for trading) | 11 | 11 |
| | | (b) Net Loans and advances to customers (Financial assets at amortised cost) | 117,806 | 117,433 |
| | | (c) Reverse repo transactions | (78) | (15) |
| **Denominator** | | **B Total deposits (d)-(e)+(f)** | **127,544** | **129,036** |
| | | (d) Customer deposits | 123,639 | 124,785 |
| | | (e) Repo transactions | (307) | (36) |
| | | (f) ICO/EIB deposits | 4,212 | 4,287 |
| **(a)/(b)** | **=** | **LTD ratio (%)** | **92.3%** | **91.0%** |

**5.- Share information**

- **Market capitalisation**

**Definition:** economic metric that indicates the total value of all shares of a publicly traded company or financial institution.

**Relevance of its use:** indicator that reflects the bank's equity value in the market and, unlike its book value, that fluctuates as a function of the supply and demand of its shares in the market.

**Manner of calculation:** the number of shares multiplied by the share price at period-end.

| (€ million) | | | Mar-20 | Dec-19 |
|---|---|---|---|---|
| | | (a) Shares outstanding at period-end (million) | 3,070 | 3,070 |
| | | (b) Share price at period-end (euros) | 1.02 | 1.90 |
| **(a)*(b)** | **=** | **Market capitalisation (€ million)** | **3,125** | **5,840** |

- **Earnings per share**

**Definition:** the part of profit attributable to each of a company or financial institution's shares.

**Relevance of its use:** earnings per share is one of the metrics mostly commonly used in the financial and business sector to measure the return obtained by the shareholders of a company or financial institution.

**Manner of calculation:** profit/(loss) attributable to the parent company divided by the number of shares outstanding at period-end). If this metric is presented prior to year-end, the numerator is annualised.

| | | | Mar-20 | Dec-19 |
|---|---|---|---|---|
| | | (a) Profit/(loss) attributable to the Group (€ million) | 94 | 541 |
| Numerator | | (b) Annualised profit/(loss) attributable to the Group (€ million) | 379 | 541 |
| Denominator | | (c) Shares outstanding at period-end (million) | 3,070 | 3,070 |
| **(b)/(c)** | **=** | **Earnings per share (€)** | **0.12** | **0.18** |

- **Tangible book value per share**

**Definition:** the book value of the company per each share issued, minus intangible assets.

**Relevance of its use:** indicator used to know the book value of a company per each share issued, after discounting its intangible assets. This ratio is commonly used not only in the banking sector, but in other industries as well.

**Manner of calculation:** The Group's equity, after deducting intangible assets, divided by the number of shares outstanding at period-end.

| | | | Mar-20 | Dec-19 |
|---|---|---|---|---|
| **Numerator** | | **A Total Equity less intangible assets(€ million) (a)+(b)** | **12,515** | **12,934** |
| | | (a) Total Equity (€ million) | 12,954 | 13,335 |
| | | (b) Intangible assets (€ million) | (439) | (401) |
| **Denominator** | | **B Shares outstanding at period-end (million)** | **3,070** | **3,070** |
| **(A)/(B)** | **=** | **Tangible book value per share (€)** | **4.08** | **4.21** |

- **P/E ratio**

**Definition:** measures the price per share as a multiple of the earnings per share.

**Relevance of its use:** indicator used to measure the relationship between the market price of a listed company and its total profits.

**Manner of calculation:** share price at period-end divided by earnings per share in the period.

| | | | Mar-20 | Dec-19 |
|---|---|---|---|---|
| | | (a) Closing price at the end of period (€) | 1.02 | 1.90 |
| | | (b) Earnings per share (€) | 0.12 | 0.18 |
| **(a)/(b)** | **=** | **P/E ratio** | **8.24x** | **10.79x** |

- **Price to tangible book value**

**Definition:** ratio comparing the bank's share price as a proportion of its tangible book value.

**Relevance of its use:** indicator used to measure the relationship between the market price of a listed company and its book value.

**Manner of calculation:** share price at period-end divided by tangible book value per share in the period

| | | | Mar-20 | Dec-19 |
|---|---|---|---|---|
| | | (a) Closing price at the end of period (€) | 1.02 | 1.90 |
| | | (b) Tangible book value per share (€) | 4.08 | 4.21 |
| **(a)/(b)** | **=** | **PTBV (x)** | **0.25x** | **0.45x** |

## INFORMATION RELATING TO THE ISSUE OF CONTINGENT CONVERTIBLE BONDS (AT1)

| (%) | Bankia [1] 31-Mar-2020 |
|---|---|
| Common equity Tier I (CET1) (Group) BIS III Phase In (incl. FV unrealised gains) [2] | 13.98% |
| Common equity Tier I (CET1) (Group) BIS III Fully Loaded (incl. FV unrealised gains) [2] | 12.95% |
| Common equity Tier I (CET1) (Individual) BIS III Phase In (incl. FV unrealised gains) [2] | 13.49% |
| Common equity Tier I (CET1) (Individual) BIS III Fully Loaded (incl. FV unrealised gains) [2] | 12.48% |
| Total capital ratio (Group) BIS III Phase In (incl. FV unrealised gains)[2] | 17.73% |
| Total capital ratio (Group) BIS III Fully Loaded (incl. FV unrealised gains)[2] | 16.70% |
| **Solvency** | |
| ***(€mn)*** | |
| Available distributable items (Individual)[3] | 8,777 |

(1) Solvency ratios include the result net of dividend that is expected to be allocated to reserves
(2) Unrealised gains on the fair value sovereign (FV) portfolio
(3) Solvency ratios include the result attributable to the Group in the period and do not contemplate any dividend payment in 2020

## DISCLAIMER

This document has been prepared by Bankia, S.A. ("Bankia") and is presented exclusively for information purposes. It is not a prospectus and does not constitute an offer or recommendation to invest.

This document does not constitute a commitment to subscribe for, or an offer to finance, or an offer to sell, or a solicitation of offers to buy securities of Bankia, all of which are subject to internal approval by Bankia.

Bankia does not guarantee the accuracy or completeness of the information contained in this document. The information contained herein has been obtained from sources that Bankia considers reliable, but Bankia does not represent or warrant that the information is complete or accurate, in particular with respect to data provided by third parties. This document may contain abridged or unaudited information and recipients are invited to consult the public documents and information submitted by Bankia to the financial market supervisory authorities. All opinions and estimates are given as of the date stated in the document and so may be subject to change. The value of any investment may fluctuate as a result of changes in the market. The information in this document is not intended to predict future results and no guarantee is given in that respect.

This document includes, or may include, forward-looking information or statements. Such information or statements represent the opinion and expectations of Bankia regarding the performance of its business and revenue generation, but such performance may be substantially affected in the future by certain risks, uncertainties and other material factors that may cause the actual business performance and revenue generation to differ substantially from our expectations. These factors include, inter alia, i) market conditions, macroeconomic factors, government and supervisory guidelines, ii) movements in national and international securities markets, exchange rates and interest rates and changes in market and operational risk, iii) the pressure of competition, iv) technological changes, v) legal and arbitration proceedings, vi) changes in the financial situation or solvency of our customers, debtors and counterparties, and vii) those that may arise from potential COVID-19-related contingencies. Additional information about the risks that could affect Bankia's financial position may be consulted in the Registration document approved and registered in the Official register of the CNMV.

Distribution of this document in other jurisdictions may be prohibited, and therefore recipients of this document or any persons who may eventually obtain a copy of it are responsible for being aware of and complying with said restrictions.

This document does not reveal all the risks or other material factors relating to investments in the securities/transactions of Bankia. Before entering into any transaction, potential investors must ensure that they fully understand the terms of the securities/ transactions and the risks inherent in them. This document is not a prospectus for the securities described in it. Potential investors should only subscribe for securities of Bankia on the basis of the information published in the appropriate Bankia prospectus, not on the basis of the information contained in this document.

Bankia
THAT SIMPLE

**Investor Relations**
ir@bankia.com