Annual earnings report 2019

28 January 2020

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Bankia closes 2019 posting an attributable profit of 541 million euros and announces a dividend pay-out of 355 million euros. The group slashes its non-performing assets by 23.2% over the year and improves its Fully-Loaded CET1 ratio by 63 basis points (bp).

Robust sales and the containment of costs have led to a 3.5% increase in the core result to 1.287 billion euros.

- Recurring income generated by the banking business has levelled off (-0.3% year-on-year (YOY) change in net interest income and fees and commissions) and operating expenses continue to fall by 2.9% compared to the previous year.
- Both factors have driven up the group's core result (net interest income and fees and commissions less operating expenses) by 3.5% YOY to 1.287 billion euros in 2019.
- The Group has obtained synergies of 220 million euros in 2019, exceeding the Strategic Plant target. Cost savings have led to an improvement in the recurring efficiency ratio, which reached 62% at the December 2019 close – 1.6 percentage points (pp) below the 2018 level.
- The group saw out 2019 with an attributable profit of 541 million euros, 23% lower than in 2018 after provision efforts associated to the reduction of NPAs.
- Bankia has resolved to propose to the General Meeting of Shareholders the distribution of dividends totalling 355 million euros, increasing the pay-out and maintaining the diviend per share at the same level as in 2018.

The strenth of the commercial model has led to more new customers and has boosted customer loyalty, growth in high-value products, and gains in market shares.

- Our customer satisfaction score has risen from 86.9 points in 2018 to 90.3 at the 2019 close. The net change in the number of customers is 243,000 since the beginning of the Strategic Plan and direct income deposits increase by 190,000 in the same period.
- Progress continues to be made with the multi-channel strategy. In 2019, digital sales comprise 36% of all sales and 53.3% of the group's customers bank through digital channels.
- Card turnover has increased by 14.7% YOY, leading to a Group market share of 12.4% according to the Bank of Spain's last available data (September 2019).
- The group's successful sales campaign has led to growth in performing credit (not doubtful) fuelled by high levels of new lending. In 2019, the stock of consumer loans rose by 12.5%, while loans to companies increased by 9%, taking Bankia's market share, at November, to 5.88% in the consumer segment (+30 bp) and to 7.75% in the companies segment (+33 bp).
- In 2019, Bankia has leaded the rankings for net flows into mutual funds, enjoying a 50 bp rise in its market share to 7.05%, while in insurance, premiums on new policies are up 26.2% compared to 2018.

The group has slashed its non-performing assets by 2.529 billion euros, at the same time as bolstering its solvency.

- Non-performing assets or NPAs (non-performing exposures and gross foreclosed assets) are down 23.2% on the 2018 close. The stock of NPAs has shrank by over 8.4 billion euros since December 2017, which equates to 94% of the reduction target set in the Strategic Plan for 2020.
- This decrease in NPAs has driven down the NPL ratio to 5.0%, 1.5 pp lower than in 2018.
- Turning to solvency, the group has pushed ahead generating capital organically and has posted a Fully-Loaded CET1 ratio of 13.02% and a Phase-In CET1 ratio of 14.33%. On a fully-loaded basis, the group has generated 63 bp of capital since December 2018.

1. RELEVANT DATA

	Dec-19	Dec-18	Change
Balance sheet (€ million)			
Total assets	208,468	205,223	1.6%
Loans and advances to customers (net)	117,444	118,295	(0.7%)
Loans and advances to customers (gross)	120,623	122,505	(1.5%)
On-balance-sheet customer funds	143,464	144,680	(0.8%)
Customer deposits and clearing houses	124,785	126,319	(1.2%)
Borrowings, marketable securities	15,697	15,370	2.1%
Subordinated liabilities	2,983	2,990	(0.2%)
Total customer funds	174,267	171,793	1.4%
Equity	13,142	13,030	0.9%
Common Equity Tier I - BIS III Phase In	11,126	11,367	(2.1%)
Solvency (%)			
Common Equity Tier I - BIS III Phase In	14.33%	13.80%	+0.53 p.p.
Total capital ratio - BIS III Phase In	18.10%	17.58%	+0.52 p.p.
Ratio CET1 BIS III Fully Loaded	13.02%	12.39%	+0.63 p.p.
Risk management (€ million and %)			
Total risk	128,156	129,792	(1.3%)
Non performing loans	6,465	8,416	(23.2%)
NPL provisions	3,491	4,593	(24.0%)
NPL ratio	5.0%	6.5%	-1.5 p.p.
NPL coverage ratio	54.0%	54.6%	-0.6 p.p.

	Dec-19	Dec-18	Change
Results (€ million)			
Net interest income	2,023	2,049	(1.3%)
Gross income	3,245	3,368	(3.6%)
"Core" result (Net interest income + Net fees and commissions - Operating Expenses)	1,287	1,244	3.5%
Pre-provision profit	1,428	1,498	(4.6%)
Profit/(loss) attributable to the Group	541	703	(23.0%)
Key ratios (%)			
Cost to Income ratio (Operating expenses / Gross income)	56.0%	55.5%	+0.5 p.p.
R.O.A. (Profit after tax / Average total assets) (1)	0.3%	0.3%	-
RORWA (Profit after tax / RWA) (2)	0.7%	0.9%	-0.2 p.p.
ROE (Profit attributable to the group / Equity) (3)	4.2%	5.6%	-1.4 p.p.
ROTE (Profit attributable to the group / Average tangible equity) (4)	4.3%	5.7%	-1.4 p.p.

	Dec-19	Dec-18	Change
Bankia share			
Number of shareholders	173,949	184,643	(5.8%)
Number of shares in issue (million)	3,070	3,085	(0.5%)
Closing price (end of period, €)(5)	1.90	2.56	(25.7%)
Market capitalisation (€ million)	5,840	7,898	(26.1%)
Earnings per share(6) (€)	0.18	0.23	(22.6%)
Tangible book value per share(7) (€)	4.21	4.18	0.8%
PER (Last price (5) / Earnings per share(6))	10.79x	11.23x	(4.0%)
PTBV (Last price (5) / Tangible book value per share)	0.45x	0.61x	(26.3%)
Cash dividend per share (cents) (8)	11.576	11.576	-
Additional information			
Number of branches	2,275	2,298	(1.0%)
Number of employees	16,035	15,924	0.7%

(1) Profit after tax divided by average total assets for the period
(2) Profit after tax divided by risk weighted assets at period end
(3) Attributable profit divided by the previous 12 months average equity, excluding the expected dividend payment
(4) Attributable profit divided by the previous 12 months average tangible equity, excluding the expected dividend payment
(5) Using the last price as of 31 December 2019 and 31 December 2018.
(6) 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) 2019 includes the dividend proposal that will be presented at the Bankia AGM

2. ECONOMIC AND FINANCIAL ENVIRONMENT

International economic scenario

The global economy lost steam during 2019. The trade war and Brexit heightened uncertainty, denting the confidence of agents, investments and international trade, which especially affected the manufacturing sector. The impact of these shocks was partially offset by central bank support at a time of very low inflation (EMU average of 1.2%). The cooling of the economy was widespread and, in some cases, especially intense accompanied by major financial sector tensions (Turkey and Argentina). Global growth slowed to 2.6% in 2019, compared to rates of over 3.0% in 2017 and 2018. This deceleration was most notable in the EMU (1.2%, versus 1.9% in 2018), particularly in Germany which, *in extremis*, avoided falling into a recession.

In these complex circumstances, the central banks stepped back from normalising their monetary policies and once again adopted expansionary measures. The ECB cut the deposit facility rate from -0.4% to -0.5%, commenced a new round of QE, introduced a scheme to reduce the cost of bank deposits at the central bank, and began a new long-term lending programme. Along the same lines, the US Federal Reserve approved three quarter-point cuts to its range of rates to 1.50%-1.75%, and once again reinvested all maturing proceeds to hold its balance sheet steady. Despite all this, the money market was hit by liquidity problems in September, forcing the Fed to carry out repos interventions and purchase treasury bills. The relaxing of monetary policy and investor interest in safe-haven assets drove IRRs on debt down to new all-time lows in the EMU, while the volume of bonds with negative yields hit a high (27% of the total).

Nevertheless, the skies cleared somewhat towards the end of the year: business indicators started to be consistent with a stabilisation of growth, the US and China declared a ceasefire in the trade war, and the EU and the United Kingdom avoided a hard Brexit. As a result, the likelihood of further decreases in interest rates and yields on debt began to diminish.

The state of the Spanish economy

The Spanish economy continued to slow throughout 2019, seeing out the year with a GDP growth rate of 1.9% – half a point lower than in the previous year. Nonetheless, with challenges being faced around the globe, Spain once again outperformed the rest of the EMU. Meanwhile, the labour market continued to create jobs, although in line with the more sluggish economy; the figure (384,373 more people registered with the Social Security) was the lowest in six years. There was more balanced growth during 2019 in terms of components. Domestic demand contributed less since spending decisions were affected by the global geopolitical instability and uncertainty surrounding domestic policy, coupled with the absorption of demand that was pent up during the crisis. Meanwhile, export demand contributed positively to growth for the first time in three years as imports slowed more quickly than exports. As has been the case through the current expansionary phase, the economy increased its net lending position (2.1% of GDP to the third quarter of 2019), above all due to the improved financial position of households, enabling the trade deficit to be pared back (79.5% of GDP – the lowest level since 2007).

The positive inertia of the Spanish economy was reflected in the banking sector, which continued to lend more and bolster balance sheets by boosting solvency and liquidity and cutting stocks of non-performng assets. Private-sector credit fell for yet another year, albeit at a significantly slower rate. This decrease primarily involved business loans– partially replaced by fixed-income issues – and home loans, shaped to some extent by the entry into force of the Real Estate Credit Act (Ley de Crédito Inmobiliario). The quality of the sector's balance sheet improved for another year as default rates fell and the volume of foreclosed assets shrank. Turning to inflows of funds, there was a sharp rise in the balance of deposits as customers set aside more for a rainy day, which is in keeping with the rate of growth of mutual fund assets that moved into positive territory in YOY terms during the last quarter. The banking sector's poor profitability, dragged down by the prevailing low interest rates (which are lasting longer than initially expected) and strong competition and significant regulatory pressures, is still one of the main challenges faced by the sector. In this respect, Spanish banks joined other European counterparts in 2019 and introduced negative interest rates for some business deposit accounts.

3. SUMMARY OF RESULTS

The Bankia Group posts an attributable profit of 541 million euros in 2019 and announces a dividend pay-out of 355 million euros with a charge to 2019 earnings. The core result is up 3.5% thanks to robust sales and cost containment.

- The group saw out 2019 with an attributable profit of 541 million euros, 23% lower than in 2018 because of smaller gains from the rotation of fixed-income portfolios (net trading income or NTI) and the allowances associated with the effort of reducing NPAs during the year. Nevertheless, pre-provision profit excluding NTI and the core result are up 4% and 3.5%, respectively, thanks to decent sales and cost streamlining.

- Regarding the fourth quarter of the previous year, the core result increased by 12% thanks to the stabilisation of the net interest margin (+0.7%), higher fees and commissions (+7.0%), and lower operating expenses (-4.6%). Despite this, attributable profit is negative in the quarter (-34 million euros) after recognising the annual contribution to the Deposit Guarantee Fund (FGD), which is usually raised in the last quarter of the year.

INCOME STATEMENT

			Change	
(€ million)	2019	2018	Amount	%
Net interest income	**2,023**	**2,049**	**(26)**	**(1.3%)**
Dividends	17	11	7	61.5%
Share of profit/(loss) of companies accounted for using the equity method	60	56	4	6.6%
Total net fees and commissions	1,081	1,065	16	1.5%
Gains/(losses) on financial assets and liabilities	298	411	(113)	(27.4%)
Exchange differences	15	15	1	4.2%
Other operating income/(expense)	(249)	(239)	(11)	4.5%
Gross income	**3,245**	**3,368**	**(123)**	**(3.6%)**
Administrative expenses	(1,616)	(1,696)	81	(4.8%)
Staff costs	(1,119)	(1,161)	41	(3.6%)
General expenses	(496)	(535)	39	(7.3%)
Depreciation and amortisation	(201)	(174)	(27)	15.5%
Pre-provision profit	**1,428**	**1,498**	**(69)**	**(4.6%)**
Provisions	(477)	(436)	(41)	9.4%
Provisions (net)	(15)	(10)	(5)	45.9%
Impairment losses on financial assets (net)	(463)	(427)	(36)	8.5%
Operating profit/(loss)	**951**	**1,061**	**(110)**	**(10.4%)**
Impairment losses on non-financial assets	(19)	10	(29)	-
Other gains and other losses	(176)	(151)	(25)	16.5%
Profit/(loss) before tax	**756**	**920**	**(164)**	**(17.9%)**
Corporate income tax	(213)	(223)	9	(4.2%)
Profit/(loss) after tax from continuing operations	**542**	**697**	**(155)**	**(22.2%)**
Net profit from discontinued operations (1)	0	6	(6)	(100.0%)
Profit/(loss) in the period	**542**	**703**	**(161)**	**(22.9%)**
Profit/(Loss) attributable to minority interests	1	0	1	196.2%
Profit/(loss) attributable to the Group	**541**	**703**	**(162)**	**(23.0%)**
Cost to Income ratio (2)	**56.0%**	**55.5%**	**+0.5 p.p.**	**0.5%**
Recurring Cost to Income ratio (3)	**62.0%**	**63.6%**	**(1.6) p.p.**	**(1.6%)**
PRO-MEMORY				
"Core" Result (4)	**1,287**	**1,244**	**43**	**3.5%**
Pre-provision profit ex NTI (5)	**1,130**	**1,087**	**43**	**4.0%**

(1) 2018 includes 100% of the profit generated by Caja Murcia Vida y Caja Granada Vida following the adquisition of the full stake of both companies on 10th July 2018. Since 1Q 2019 the results are accounted for the equity method after the sale of 51% in both companies to Mapfre Vida.

(2) Operating expenses / Gross income.

(3) Operating expenses / Gross income (excluding gains/losses on financial assets and liabilities and exchange differences).

(4) Net interest income + total net fees and commissions - administrative expenses - depreciation and amortization

(5) Pre-provision profit - Gains/(losses) on financial assets and liabilities

QUARTERLY RESULTS

(€ million)	4Q 19	3Q 19	2Q 19	1Q 19	4Q 18	3Q 18	2Q 18	1Q 18
Net interest income	**503**	**502**	**516**	**502**	**507**	**495**	**521**	**526**
Dividends	3	1	14	1	3	0	7	1
Share of profit/(loss) of companies accounted for using the equity method	18	13	15	14	13	14	18	12
Total net fees and commissions	284	263	273	260	266	265	270	264
Gains/(losses) on financial assets and liabilities	62	97	102	37	30	90	152	139
Exchange differences	3	5	4	3	4	5	5	1
Other operating income/(expense)	(174)	(5)	(66)	(4)	(160)	(5)	(70)	(3)
Gross income	**699**	**875**	**858**	**813**	**662**	**865**	**903**	**939**
Administrative expenses	(394)	(409)	(407)	(407)	(425)	(415)	(419)	(437)
Staff costs	(267)	(282)	(286)	(285)	(278)	(287)	(291)	(305)
General expenses	(127)	(127)	(121)	(122)	(147)	(128)	(128)	(132)
Depreciation and amortisation	(53)	(49)	(49)	(50)	(43)	(42)	(40)	(48)
Pre-provision profit	**252**	**417**	**402**	**357**	**194**	**407**	**444**	**453**
Provisions	(173)	(119)	(121)	(65)	(192)	(73)	(68)	(103)
Provisions (net)	17	14	(35)	(10)	(46)	(0)	24	13
Impairment losses on financial assets (net)	(189)	(132)	(86)	(55)	(146)	(73)	(91)	(116)
Operating profit/(loss)	**80**	**299**	**281**	**292**	**1**	**334**	**376**	**350**
Impairment losses on non-financial assets	(5)	(5)	(6)	(4)	(19)	(3)	36	(4)
Other gains and other losses	(110)	(42)	(4)	(19)	(31)	(43)	(28)	(49)
Profit/(loss) before tax	**(36)**	**252**	**271**	**269**	**(49)**	**288**	**384**	**297**
Corporate income tax	2	(76)	(76)	(64)	7	(63)	(99)	(67)
Profit/(loss) after tax from continuing operations	**(34)**	**176**	**196**	**205**	**(42)**	**224**	**285**	**230**
Net profit from discontinued operations (1)	-	-	-	-	1	5	-	-
Profit/(loss) in the period	**(34)**	**176**	**196**	**205**	**(40)**	**229**	**285**	**230**
Profit/(Loss) attributable to minority interests	0	0	1	(0)	(0)	0	(0)	0
Profit/(loss) attributable to the Group	**(34)**	**176**	**195**	**205**	**(40)**	**229**	**285**	**229**
Cost to Income ratio (2)	**63.9%**	**52.3%**	**53.2%**	**56.1%**	**70.7%**	**53.0%**	**50.8%**	**51.7%**
Recurring Cost to Income ratio (3)	**70.4%**	**59.2%**	**60.7%**	**59.0%**	**74.6%**	**59.4%**	**61.6%**	**60.7%**
PRO-MEMORY								
"Core" Result (4)	**341**	**307**	**333**	**306**	**305**	**302**	**332**	**305**
Pre-provision profit ex NTI (5)	**191**	**320**	**299**	**320**	**164**	**317**	**291**	**315**

(1) 4Q18 and 3Q18 include 100% of the profit generated by Caja Murcia Vida y Caja Granada Vida following the adquisition of the full stake of both companies on 10th July 2018. Since 1Q 2019 the results are accounted for the equity method after the sale of 51% in both companies to Mapfre Vida.
(2) Operating expenses / Gross income.
(3) Operating expenses / Gross income (excluding gains/losses on financial assets and liabilities and exchange differences).
(4) Net interest income + total net fees and commissions - administrative expenses - depreciation and amortization.
(5) Pre-provision profit - Gains/(losses) on financial assets and liabilities

- **Net interest income reached 2.023 billion euros in 2019**, 1.3% lower than in 2018, principally because of the rotation of fixed-income portfolios during 2018 and 2019, the higher finance expense deriving from the application of IFRS 16 since January 2019, and the increase in liquid assets earning negative rates. Nevertheless, the customer margin improved by +7 bp over the year to 1.63% thanks to an increase in the weight of more profitable segments relative to the entire business, and lower retail finance costs.

- **During the fourth quarter of 2019, the group's interest margin topped 503 million euros matching that achieved in the third quarter**. This reflects the decrease in the cost of customer deposits, primarily due to the expiration of single-certificate mortgage covered bonds, and the first finance cost savings deriving from the tiering introduced by the ECB at the end of October for excess liquidity held in current accounts. The customer margen stands at 1.64%.

REVENUES AND EXPENSES

	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)			**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 II 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 2018			3Q 2018			2Q 2018			1Q 2018		
(€ 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]	7,906	21	1.04%	7,422	21	1.14%	7,094	23	1.31%	6,982	22	1.29%
Net Loans and advances to customers (a)	119,507	510	1.69%	120,124	490	1.62%	120,426	506	1.68%	121,071	512	1.71%
Debt securities	50,064	74	0.59%	50,044	77	0.61%	53,195	94	0.71%	53,970	96	0.72%
Other interest earning assets [3]	519	2	1.51%	420	2	1.87%	425	2	1.87%	431	2	1.87%
Other non-interest earning assets	26,528	-	-	26,351	-	-	26,613	-	-	27,011	-	-
Total Assets (b)	**204,516**	**606**	**1.18%**	**204,361**	**591**	**1.15%**	**207,754**	**625**	**1.21%**	**209,465**	**632**	**1.22%**
Deposits from central banks and credit [2]	37,116	12	0.13%	37,912	10	0.10%	37,832	13	0.14%	37,294	12	0.13%
Customer deposits (c)	125,402	35	0.11%	124,834	36	0.11%	126,642	40	0.13%	126,613	43	0.14%
Strict Customer Deposits	*118,942*	*13*	*0.04%*	*118,059*	*14*	*0.05%*	*118,812*	*17*	*0.06%*	*118,186*	*18*	*0.06%*
Repos	*71*	*1*	*3.20%*	*102*	*1*	*2.24%*	*766*	*1*	*0.29%*	*1,092*	*1*	*0.20%*
Single-certificate covered bonds	*6,388*	*21*	*1.31%*	*6,673*	*21*	*1.28%*	*7,065*	*22*	*1.26%*	*7,335*	*24*	*1.34%*
Marketable securities	15,246	36	0.93%	14,927	35	0.93%	16,016	34	0.85%	17,118	35	0.83%
Subordinated liabilities	2,991	14	1.87%	2,571	14	2.09%	2,495	14	2.20%	2,515	14	2.22%
Other interest earning liabilities [3]	1,074	3	1.02%	1,167	2	0.71%	1,092	3	1.09%	1,293	3	0.81%
Other liabilities with no cost	9,466	-	-	9,786	-	-	10,495	-	-	11,188	-	-
Equity	13,222	-	-	13,164	-	-	13,182	-	-	13,444	-	-
Total equity and liabilities (d)	**204,516**	**99**	**0.19%**	**204,361**	**96**	**0.19%**	**207,754**	**104**	**0.20%**	**209,465**	**106**	**0.21%**
Customer margin (a-c)			**1.58%**			**1.51%**			**1.55%**			**1.57%**
Net interest margin (b-d)		**507**	**0.99%**		**495**	**0.96%**		**521**	**1.01%**		**526**	**1.01%**

(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 II 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.

- **Net fees and commissions income rose by 1.5% to 1.081** billion euros in 2019. Most notable have been the increase in fees and commissions for collection and payment services (+9.9%), assets under management (+4.7%) and loan arrangements (+4.7%), which has offset the lower volume of demand account fees and commissions (-24.9%) because of applying the "zero commissions" policy for BMN customers, and the lower fees and commissions for managing non-performing exposures and write-offs as part of the process to pare back the group's non-performing assets.

- **The quarter-on-quarter growth in the fees and commissions of all lines stands out**, which are up 8.1% versus the third quarter. Most striking has been the increase in card fees and commissions (+8.9%), commissions on the sale of mutual funds, pensions and insurance (+3.3%), and fees for the structuring of corporate transactions (+14.2%).

NET FEES AND COMMISSIONS INCOME

(€ million)	2019	2018	Change: Amount	Change: %
Assets under management	**412**	**393**	**18**	**4.7%**
Securities brokerage service	69	57	12	20.3%
Mutual funds, Pension funds and insurances	343	336	7	2.0%
Payments services	**338**	**308**	**30**	**9.9%**
Bills of exchange	21	19	2	10.7%
Debit and credit cards	258	232	26	11.0%
Payments services	59	56	3	4.9%
Origination	**209**	**200**	**9**	**4.7%**
Contingent risks and commitments	99	102	(3)	(2.5%)
Forex	40	35	5	14.6%
Structuring and design of transactions and others	70	63	7	10.9%
Management of NPLs, write offs and others	**132**	**147**	**(15)**	**(10.0%)**
Management of NPLs and write offs	4	22	(18)	(82.5%)
Claims on Past due	128	125	3	2.6%
Accounts manteinance (Sight deposits)	**77**	**102**	**(25)**	**(24.9%)**
Fees and commissions received	**1,168**	**1,150**	**18**	**1.6%**
Fees and commissions paid	**87**	**85**	**2**	**2.9%**
TOTAL NET FEE AND COMMISSION INCOME	**1,081**	**1,065**	**16**	**1.5%**

(€ million)	4Q 19	3Q 19	2Q 19	1Q 19	4Q 18	3Q 18	2Q 18	1Q 18	Change on: 4Q 18	Change on: 3Q 19
Assets under management	**104**	**101**	**106**	**100**	**96**	**96**	**100**	**102**	**8.6%**	**3.7%**
Securities brokerage service	18	17	16	17	13	15	15	14	46.1%	5.5%
Mutual funds, Pension funds and insurance:	86	83	90	84	84	81	84	88	3.0%	3.3%
Payments services	**90**	**83**	**86**	**79**	**82**	**77**	**76**	**73**	**10.5%**	**8.7%**
Bills of exchange	6	5	5	5	5	5	4	5	10.4%	19.5%
Debit and credit cards	69	64	66	59	62	59	58	54	11.9%	8.9%
Payments services	15	14	15	15	14	13	14	15	4.8%	3.8%
Origination	**57**	**54**	**50**	**49**	**52**	**48**	**50**	**49**	**8.7%**	**6.1%**
Contingent risks and commitments	26	25	24	24	25	27	26	24	2.9%	6.4%
Forex	10	11	10	9	9	10	9	8	11.7%	(7.5%)
Structuring and design of transactions and c	21	18	16	15	18	12	16	18	15.2%	14.2%
Management of NPLs, write offs and others	**35**	**30**	**33**	**33**	**35**	**46**	**39**	**27**	**2.2%**	**17.6%**
Management of NPLs and write offs	2	1	1	0	2	16	2	2	44.6%	335.8%
Claims on Past due	33	30	33	33	33	30	36	26	0.2%	11.8%
Accounts manteinance (Sight deposits)	**19**	**18**	**20**	**19**	**21**	**21**	**27**	**33**	**(6.1%)**	**5.0%**
Fees and commissions received	**306**	**286**	**295**	**281**	**285**	**288**	**292**	**284**	**7.3%**	**7.1%**
Fees and commissions paid	**22**	**23**	**22**	**20**	**20**	**23**	**22**	**20**	**12.1%**	**(4.3%)**
TOTAL NET FEE AND COMMISSION INCOME	**284**	**263**	**273**	**260**	**266**	**265**	**270**	**264**	**7.0%**	**8.1%**

- **Operating expenses continue to fall (staff costs, overheads and amortisation and depreciation charges), which are down 2.9% YOY and 2.5% over the fourth quarter. In 2019, the Group obtains synergies of 200 million, exceeding the amout forecasted in the Strategic Plan for 2020 (190 million euros).** This reflects the cost savings achieved through workforce restructuring after the integration of BMN and the result of rolling out several cost streamlining plans during the year. At the 2019 close, the ratio of operating expenses to risk weighted assets (RWAs) stood at 2.34%, 124 bp below the sector average.

- The application of IFRS 16 ("Leases") as from 1 January 2019 has decreased the general expenses of properties, facilities and materials by 60 million euros compared to 2018, while the depreciation and amortisation expense and finance expense of net interest income for the same concept have risen.

OPERATING EXPENSES

			Change	
(€ million)	2019	2018	Amount	%
Staff costs	**1,119**	**1,161**	**(41)**	**(3.6%)**
Wages and salaries	817	882	(65)	(7.4%)
Social security costs	227	219	8	3.6%
Pension plans	50	32	18	55.7%
Others	25	27	(2)	(8.1%)
General expenses	**496**	**535**	**(39)**	**(7.3%)**
From property, fixtures and supplies	59	120	(60)	(50.4%)
IT and communications	207	192	16	8.1%
Advertising and publicity	54	52	3	5.4%
Technical reports	37	27	9	33.5%
Surveillance and security courier services	18	18	(0)	(0.2%)
Levies and taxes	32	30	3	9.3%
Insurance and self-insurance premiums	4	4	(0)	(0.7%)
Other expenses	85	94	(9)	(9.7%)
ADMINISTRATIVE EXPENSES	**1,616**	**1,696**	**(81)**	**(4.8%)**
AMORTISATIONS	**201**	**174**	**27**	**15.5%**
TOTAL OPERATING EXPENSES	**1,817**	**1,870**	**(54)**	**(2.9%)**

									Change on	
(€ million)	4Q 19	3Q 19	2Q 19	1Q 19	4Q 18	3Q 18	2Q 18	1Q 18	4Q 18	3Q 19
Staff costs	**267**	**282**	**286**	**285**	**278**	**287**	**291**	**305**	**(3.8%)**	**(5.3%)**
Wages and salaries	192	206	211	208	207	218	220	236	(7.5%)	(6.9%)
Social security costs	57	56	57	57	53	53	56	58	9.3%	1.9%
Pension plans	12	13	11	14	11	11	6	4	15.1%	(4.8%)
Others	5	7	7	7	7	5	9	6	(22.7%)	(18.4%)
General expenses	**127**	**127**	**121**	**122**	**147**	**128**	**128**	**132**	**(13.8%)**	**0.2%**
From property, fixtures and supplies	12	16	16	15	29	30	29	32	(58.1%)	(22.1%)
IT and communications	52	53	51	52	48	49	47	48	6.6%	(1.9%)
Advertising and publicity	13	14	14	14	13	13	13	12	(2.4%)	(8.9%)
Technical reports	9	10	11	6	15	1	6	6	(34.9%)	(3.2%)
Surveillance and security courier servic	5	5	4	4	4	5	5	4	6.1%	1.6%
Levies and taxes	8	10	8	7	9	7	7	7	(9.2%)	(16.0%)
Insurance and self-insurance premium	1	1	1	1	1	1	1	1	5.6%	(3.0%)
Other expenses	27	20	16	22	28	23	21	23	(2.1%)	39.6%
ADMINISTRATIVE EXPENSES	**394**	**409**	**407**	**407**	**425**	**415**	**419**	**437**	**(7.3%)**	**(3.6%)**
AMORTISATIONS	**53**	**49**	**49**	**50**	**43**	**42**	**40**	**48**	**21.4%**	**6.4%**
TOTAL OPERATING EXPENSES	**447**	**458**	**456**	**456**	**468**	**458**	**459**	**485**	**(4.6%)**	**(2.5%)**

- The gradual levelling off of core revenue (net interest income and fees and commissions) and the good performance of costs have resulted in the group posting a core result of 1.287 billion euros in 2019, 341 million euros of which was generated in the fourth quarter of the year. These figures equate to growth of 3.5% versus 2018 and 11.1% over the quarter.

- **Charges to provisions and other gains and losses totalled a cumulative net expense of 673 million euros in 2019**, which is an annual increase of 95 million euros. This variation is associated with the provisions set aside to cover the reduction process of NPAs and lower non-financial asset impairment charges in 2018 because of the reclassification for accounting purposes of the stake in Caser in the second quarter of last year.

- In 2019, other gains and losses (+25 million euros) included the positive impact of the sale of individual real estate assets, as well as the result obtained from the sale of the capital stake of certain investees.

- Provisions for credit risk place the **cost of risk at 0.26%** at the 2019 close – 8 bp above that posted in 2018.

PROVISIONING AND OTHER GAINS AND LOSSES

			Change	
(€ million)	2019	2018	Amount	%
Impairment losses on:	**(482)**	**(417)**	**(66)**	**15.8%**
Financial assets	(463)	(427)	(36)	8.5%
Non-financial assets	(19)	10	(29)	-
Impairment losses on Real Estate Assets	**(201)**	**(104)**	**(97)**	**92.9%**
Other provisions and results	**10**	**(57)**	**67**	**-**
Provisions (net)	(15)	(10)	(5)	45.9%
Others	25	(47)	72	-
Total provisions and others	**(673)**	**(577)**	**(95)**	**16.5%**

									Change on	
(€ million)	4Q 19	3Q 19	2Q 19	1Q 19	4Q 18	3Q 18	2Q 18	1Q 18	4Q 18	3Q 19
Impairment losses on:	**(195)**	**(137)**	**(92)**	**(59)**	**(165)**	**(76)**	**(56)**	**(120)**	**18.0%**	**42.3%**
Financial assets	(189)	(132)	(86)	(55)	(146)	(73)	(91)	(116)	29.7%	43.0%
Non-financial assets	(5)	(5)	(6)	(4)	(19)	(3)	36	(4)	(71.5%)	21.1%
Impairment losses on Real Estate Assets	**(56)**	**(72)**	**(41)**	**(31)**	**(26)**	**(29)**	**(23)**	**(27)**	**121.1%**	**(21.3%)**
Other provisions and results	**(37)**	**43**	**3**	**2**	**(52)**	**(15)**	**19**	**(9)**	**(28.6%)**	**-**
Provisions (net)	17	14	(35)	(10)	(46)	(0)	24	13	-	20.7%
Others	(54)	29	38	12	(6)	(15)	(5)	(22)	-	-
Total provisions and others	**(288)**	**(165)**	**(131)**	**(88)**	**(242)**	**(119)**	**(60)**	**(157)**	**18.9%**	**75.1%**

4. BALANCE SHEET PERFORMANCE

Good commercial sale dynamics have driven up the stock of performing loans and receivables in key segments. The group tops the ranking of net flows into mutual funds and has grown its customer funds by 2.2% over the course of the year.

			Change	
(millones de euros)	Dec-19	Dec-18	Amount	%
Cash and balances at central banks	13,203	4,754	8,449	177.7%
Financial assets held for trading	6,691	6,308	383	6.1%
Trading derivatives	6,519	6,022	496	8.2%
Debt securities	171	282	(111)	(39.3%)
Equity instruments	1	4	(3)	(64.6%)
Financial assets designated at fair value through profit or loss	35	9	25	271.8%
Debt securities	0.2	0.2	0.1	26.7%
Loans and advances to credit institutions	23	0	23	-
Loans and advances to customers	11	9	2	22.9%
Financial assets designated at fair value through equity	11,982	15,636	(3,654)	(23.4%)
Debt securities	11,906	15,559	(3,653)	(23.5%)
Equity instruments	76	76	(0)	(0.6%)
Financial assets at amortised cost	155,968	156,461	(493)	(0.3%)
Debt securities	33,068	33,742	(674)	(2.0%)
Loans and advances to credit institutions	5,467	4,433	1,034	23.3%
Loans and advances to customers	117,433	118,286	(853)	(0.7%)
Hedging derivatives	2,499	2,627	(128)	(4.9%)
Investments in subsidaries, joint ventures and associates	455	306	149	48.7%
Tangible and intangible assets	3,019	2,487	531	21.4%
Non-current assets held for sale	2,152	3,906	(1,755)	(44.9%)
Other assets	12,465	12,728	(263)	(2.1%)
TOTAL ASSETS	**208,468**	**205,223**	**3,245**	**1.6%**
Financial liabilities held for trading	6,750	6,047	704	11.6%
Trading derivatives	6,479	5,925	554	9.4%
Short positions	271	122	149	122.2%
Financial liabilities at amortised cost	185,176	181,869	3,308	1.8%
Deposits from central banks	13,809	13,856	(47)	(0.3%)
Deposits from credit institutions	26,460	21,788	4,673	21.4%
Customer deposits and funding via clearing houses	124,785	126,319	(1,535)	(1.2%)
Debt securities in issue	18,680	18,360	320	1.7%
Other financial liabilities	1,443	1,545	(103)	(6.6%)
Hedging derivatives	87	183	(96)	(52.3%)
Provisions	1,754	1,922	(168)	(8.7%)
Other liabilitiess	1,365	2,013	(648)	(32.2%)
TOTAL LIABILITIES	**195,133**	**192,033**	**3,100**	**1.6%**
Minority interests	13	12	1	6.8%
Other accumulated results	180	147	33	22.1%
Equity	13,142	13,030	112	0.9%
TOTAL EQUITY	**13,335**	**13,189**	**146**	**1.1%**
TOTAL EQUITY AND LIABILITIES	**208,468**	**205,223**	**3,245**	**1.6%**

- **Stripping out non-performing and reverse repos, the performing loan book remains on a par with 2018 (+0.1%).** The increase in new lending has expanded the stock of consumer credit (+12.5%) and business credit (+9%), offsetting the scheduled maturities of the mortgage portfolio.

- This increase in lending has led to greater market shares for Bankia in the consumer segment (+30 bp YOY to 5.88%) and business segment (+33 bp to 7.75%).

LOANS AND ADVANCES TO CUSTOMERS

(€ million)	Dec-19	Dec-18	Change Amount	Change %
Spanish public sector	4,702	4,846	(144)	(3.0%)
Other resident sectors	104,932	105,152	(220)	(0.2%)
Secured loans	70,049	73,275	(3,226)	(4.4%)
Other term loans	26,993	24,448	2,544	10.4%
Commercial credit	5,326	4,655	671	14.4%
Receivable on demand and other	2,565	2,774	(209)	(7.5%)
Non-residents	3,940	3,636	303	8.3%
Repo transactions	15	114	(99)	(86.5%)
Of which: reverse repurchase agreements with BFA	*0*	*100*	*(100)*	*(100.0%)*
Other financial assets	950	868	82	9.5%
Other valuation adjustments	232	173	59	34.0%
Non-performing loans	5,853	7,716	(1,864)	(24.2%)
TOTAL GROSS LOANS AND ADVANCES TO CUSTOMERS	**120,623**	**122,505**	**(1,882)**	**(1.5%)**
Loan loss reserve	(3,179)	(4,210)	1,031	(24.5%)
NET LOANS AND ADVANCES TO CUSTOMERS	**117,444**	**118,295**	**(851)**	**(0.7%)**
GROSS LOANS AND ADVANCES TO CUSTOMERS EX NPLs & REPOs	**114,755**	**114,675**	**80**	**0.1%**

- **In 2019, the Bankia Group continued to lead the way in net mutual fund inflows, reaching a market share of 22.5%.** This success has driven up the mutual fund balance by 16.8% over the year, with retail customer funds amounting to 150.316 billion euros at the close – 2.2% higher than in December 2018. In pension funds, the growth has been 5.9%.

RETAIL CUSTOMER FUNDS

(€ million)	Dec-19	Sep-19	Jun-19	Mar-19	Dec-18	Change on Dec-18 Amount	Change on Dec-18 %
Spanish public sector	**4,778**	**7,130**	**6,825**	**7,135**	**6,608**	**(1,830)**	**(27.7%)**
Other resident sectors	**112,509**	**112,935**	**114,256**	**112,497**	**110,916**	**1,593**	**1.4%**
Current accounts	40,712	40,208	40,134	39,499	37,905	2,807	7.4%
Savings accounts	41,897	40,055	40,208	38,155	37,334	4,563	12.2%
Term deposits	29,900	32,672	33,914	34,843	35,678	(5,778)	(16.2%)
Non-residents	**2,226**	**2,427**	**2,409**	**2,504**	**2,511**	**(285)**	**(11.3%)**
Strict Customer Deposits	**119,514**	**122,492**	**123,489**	**122,136**	**120,036**	**(522)**	**(0.4%)**
Mutual funds	22,329	21,326	20,717	20,012	19,114	3,215	16.8%
Pension funds	8,474	8,329	8,234	8,158	7,999	475	5.9%
Total customer off-balance funds (1)	**30,803**	**29,655**	**28,951**	**28,170**	**27,113**	**3,689**	**13.6%**
TOTAL	**150,316**	**152,147**	**152,440**	**150,306**	**147,149**	**3,167**	**2.2%**

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

Bankia

TOTAL CUSTOMER FUNDS

(€ million)	Dec-19	Dec-18	Change Amount	Change %
Spanish public sector	4,778	6,608	(1,830)	(27.7%)
Other resident sectors	117,780	117,200	580	0.5%
Current accounts	40,712	37,905	2,807	7.4%
Savings accounts	41,897	37,334	4,563	12.2%
Term deposits	29,900	35,678	(5,778)	(16.2%)
Repo transactions	36	36	(0)	(0.3%)
Singular mortgage securities	5,235	6,248	(1,013)	(16.2%)
Non-residents	2,226	2,511	(285)	(11.3%)
Funding via clearing houses and customer deposits	**124,785**	**126,319**	**(1,535)**	**(1.2%)**
Debentures and other marketable securities	15,697	15,370	326	2.1%
Subordinated loans	2,983	2,990	(7)	(0.2%)
TOTAL ON-BALANCE-SHEET CUSTOMER FUNDS	**143,464**	**144,680**	**(1,215)**	**(0.8%)**
Mutual funds	22,329	19,114	3,215	16.8%
Pension funds	8,474	7,999	475	5.9%
Off-balance-sheet customer funds (1)	**30,803**	**27,113**	**3,689**	**13.6%**
TOTAL CUSTOMER FUNDS	**174,267**	**171,793**	**2,474**	**1.4%**

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

- **Customer deposits** total 124,785 million euros, which represents a YOY decrease of 1.2%. This volume of deposits is at a comfortable level in order to manage the group's liquidity and to maintain an LTD ratio between 90% and 100%.

- **Wholesale funding** (debentures and other marketable securities) totalled 18.680 billion euros at the 2019 close, including the placement of various debt instruments over the year for an aggregate 4.135 billion euros, of which 3.500 billion euros are destined to reinforcing the MREL ratio of the group.

5. RISK MANAGEMENT

The group continues focused on the reduction of NPAs, improving its risk indicators

- **In 2019, the group decreases its non-performing Loans (NPL) ratio by 1.5 pp to 5%, with a 1.95 billion-euro reduction in non-performing exposures (-23.2%).** The stock of foreclosed assets shrank by 578 million during the year (-23.5%). In both cases, the reduction was due to both organic portfolio management and sell-offs.
- The decrease in NPLs and foreclosed assets led to the gross balance of NPAs reaching 8.35 billion euros in December 2019 (-23.2% YOY), and a **lower gross NPA ratio of 6.4**%. Since December 2017, the group has offloaded 8.4 billion euros of non-performing assets – 94% of the target set in the Strategic Plan.
- The effort made in the reduction of NPAs has been specifically significant in the fourth quarter of the year, in which gross NPAs have reduced by 1.125 billion euros (1.404 billion euros in the rest of the quarters).

NPL RATIO AND NPL COVERAGE RATIO

						Change on Dec-18	
(€ million and %)	Dec-19	Sep-19	Jun-19	Mar-19	Dec-18	Amount	%
Non-performing loans	6,465	7,117	7,514	7,969	8,416	(1,950)	(23.2%)
Total risk-bearing assets	128,156	129,702	130,810	129,369	129,792	(1,636)	(1.3%)
Total NPL ratio (1)	**5.0%**	**5.5%**	**5.7%**	**6.2%**	**6.5%**		**-1.5 p.p.**
Total provisions	3,491	3,823	4,122	4,381	4,593	(1,102)	(24.0%)
NPL coverage ratio	**54.0%**	**53.7%**	**54.9%**	**55.0%**	**54.6%**		**-0.6 p.p.**

(1) NPL ratio: (Doubtful 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 %)	4Q 19	3Q 19	2Q 19	1Q 19	4Q 18	3Q 18	2Q 18	1Q 18
Non-performing loans at the begining of the period	**7,117**	**7,514**	**7,969**	**8,416**	**10,362**	**10,809**	**11,631**	**12,117**
Net outflows	(123)	(90)	(144)	(92)	(389)	(370)	(754)	(297)
Write offs	(245)	(306)	(72)	(69)	(153)	(77)	(68)	(190)
Disposals related to NPLs sale of portfolios(1)	(284)		(239)	(286)	(1,404)			
Non-performing loans at the end of the period	**6,465**	**7,117**	**7,514**	**7,969**	**8,416**	**10,362**	**10,809**	**11,631**

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

FORECLOSED ASSETS

	Gross Amount (1)				
(€ million)	Dec-19 (3)	Sep-19	Jun-19 (2)	Mar-19 (2)	Dec-18 (2)
Total	**2,347**	**2,793**	**2,852**	**2,888**	**2,909**
(-) Assets assigned to the Social Housing Fund and rented (4)	(463)	(436)	(438)	(429)	(446)
Total gross foreclosed assets	**1,884**	**2,358**	**2,414**	**2,459**	**2,462**

	Impairments (1)				
(€ million)	Dec-19 (3)	Sep-19	Jun-19 (2)	Mar-19 (2)	Dec-18 (2)
Total	**672**	**820**	**784**	**756**	**762**
(-) Assets assigned to the Social Housing Fund and rented (4)	(95)	(85)	(83)	(73)	(113)
Total foreclosed assets impairments	**577**	**735**	**701**	**683**	**649**

	Net Amount (1)				
(€ million)	Dec-19 (3)	Sep-19	Jun-19 (2)	Mar-19 (2)	Dec-18 (2)
Total	**1,675**	**1,974**	**2,068**	**2,132**	**2,146**
(-) Assets assigned to the Social Housing Fund and rented (4)	(367)	(351)	(355)	(356)	(333)
Total net foreclosed assets	**1,308**	**1,623**	**1,713**	**1,776**	**1,813**

(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) Since Dec-18 to Jun-19 data is calculated assuming the asset disposal due to the sale of portfolios to intitutional investors closed in 3Q19
(3) Dec-19 data is calculated assuming assets disposals signed in 2019 pending 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 %)	Dec-19 (2)	Sep-19	Jun-19 (1)	Mar-19 (1)	Dec-18 (1)	Change on Dec-18	
						Amount	%
Gross Non-performing loans	6,465	7,117	7,514	7,969	8,416	(1,951)	(23.2%)
Gross foreclosed assets	1,884	2,358	2,414	2,459	2,462	(578)	(23.5%)
Gross NPAs	**8,350**	**9,475**	**9,928**	**10,428**	**10,878**	**(2,529)**	**(23.2%)**
NPL provisions	3,491	3,823	4,122	4,381	4,593	(1,102)	(24.0%)
Impairments on foreclosed assets	577	735	701	683	649	(73)	(11.2%)
NPAs provisions	**4,068**	**4,558**	**4,823**	**5,064**	**5,243**	**(1,174)**	**(22.4%)**
Net NPL	2,974	3,294	3,392	3,588	3,823	(849)	(22.2%)
Net forclosed assets	1,308	1,623	1,713	1,776	1,813	(505)	(27.9%)
Net NPAs	**4,282**	**4,917**	**5,105**	**5,364**	**5,636**	**(1,354)**	**(24.0%)**
Total risk	**130,041**	**132,060**	**133,224**	**131,829**	**132,254**	**(2,214)**	**(1.7%)**
Gross NPAs ratio	**6.4%**	**7.2%**	**7.5%**	**7.9%**	**8.2%**		**-1.8 p.p.**
Net NPAs ratio	**3.3%**	**3.7%**	**3.8%**	**4.1%**	**4.3%**		**-1.0 p.p.**
NPAs Coverage	**48.7%**	**48.1%**	**48.6%**	**48.6%**	**48.2%**		**+0.5 p.p.**

(1) Since Dec-18 data calculated assuming the asset disposal due to the sale of portfolios to institutional investors (Lone Star XI) in 4Q18

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

RESTRUCTURED LOANS

(€ million and %)	Dec-19	Sep-19	Jun-19	Mar-19	Dec-18	Change on Dec-18	
						Amount	%
Non-performing loans	3,287	3,725	4,029	4,338	4,727	(1,440)	(30.5%)
Performing loans	3,448	3,702	3,657	3,772	4,133	(686)	(16.6%)
Total refinanced	**6,735**	**7,427**	**7,687**	**8,111**	**8,860**	**(2,125)**	**(24.0%)**
Non-performing loans	1,217	1,373	1,470	1,657	1,928	(711)	(36.9%)
Performing loans	127	160	162	177	204	(77)	(37.8%)
Total Impairments	**1,344**	**1,533**	**1,632**	**1,834**	**2,132**	**(788)**	**(37.0%)**
Non-performing loans	37.0%	36.9%	36.5%	38.2%	40.8%		-3.8 p.p.
Performing loans	3.7%	4.3%	4.4%	4.7%	4.9%		-1.2 p.p.
Total coverage	**20.0%**	**20.6%**	**21.2%**	**22.6%**	**24.1%**		**-4.1 p.p.**

6. FUNDING STRUCTURE AND LIQUIDITY

- The group's funding comprises retail customer deposits (65%), issuances and treasury (17%), repos (11%) and ECB funding (7%). The loan-to-deposit LTD ratio at the close of 2019 was 91.8%. At the end of the the year, customer deposits are at comfortable levels in order to manage the group's liquidity and to maintain an LTD ratio between 90% and 100%.

- Total liquid assets amount to 33.117 billion euros – up 3.7% on 2018 due to the liquidity generated from asset sell-offs (primarily fixed-income), short-term funding raised on the market, and the volume of new placements, putting the liquidity coverage ratio (LCR) at 204%.

- The ECB's two-tier scheme for excess liquidity held in the Bank of Spain current account was launched in November 2019, which will result in funding cost savings of 37 million euros in 2020.

- At the 2019 close, the drawdown on the TLTRO totals 13.751 billion euros.

- In 2019, Bankia issued debt amounting to 4.135 billion euros, 3.5 billion euros of which are senior preferred, senior non-preferred and subordinated debt placed to extend maturities and accumulate eligible liabilities to fulfil the future MREL regulatory requirement.

LTD RATIO AND CUSTOMER FUNDING GAP

			Change on Dec-18	
(€ million)	Dec-19	Dec-18	Amount	% / p.p.
Net Loans and advances to customers	**117,444**	**118,295**	**(851)**	**(0.7%)**
o/w Repo transactions (1)	15	14	2	13.1%
a. Strict Net Loans and advances to customers	**117,429**	**118,281**	**(852)**	**(0.7%)**
Strict customer deposits and retail commercial paper	119,514	120,036	(522)	(0.4%)
Single-certificate covered bonds	5,235	6,248	(1,013)	(16.2%)
ICO/EIB deposits	3,153	3,424	(271)	(7.9%)
b. Total Deposits	**127,901**	**129,707**	**(1,806)**	**(1.4%)**
LTD ratio (a/b)	**91.8%**	**91.2%**		**+0.6 p.p.**

(1) Reverse repurchase agreements

			Change on Dec-18	
(€ million)	Dec-19	Dec-18	Amount	% / p.p.
Net Loans and advances to customers	**117,444**	**118,295**	**(851)**	**(0.7%)**
o/w Repo transactions (1)	15	14	2	13.1%
Strict Net Loans and advances to customers	**117,429**	**118,281**	**(852)**	**(0.7%)**
(-) Strict customer deposits and retail commercial paper	119,514	120,036	(522)	(0.4%)
(-) ICO/EIB deposits	3,153	3,424	(271)	(7.9%)
Strict Comercial GAP	**(5,237)**	**(5,178)**	**(60)**	**1.2%**

(1) Reverse repurchase agreements

MATURITIES OF ISSUANCES

(€ million) (1)(2)	2020	2021	2022	>2022	TOTAL
Covered bonds	418	2,025	3,235	10,280	15,958
Senior debt	2	35	30	2,570	2,637
Subordinated debt	-	175	-	2,750	2,925
Securitisation	-	-	-	1,370	1,370
Total issuance maturities	**420**	**2,235**	**3,265**	**16,970**	**22,890**

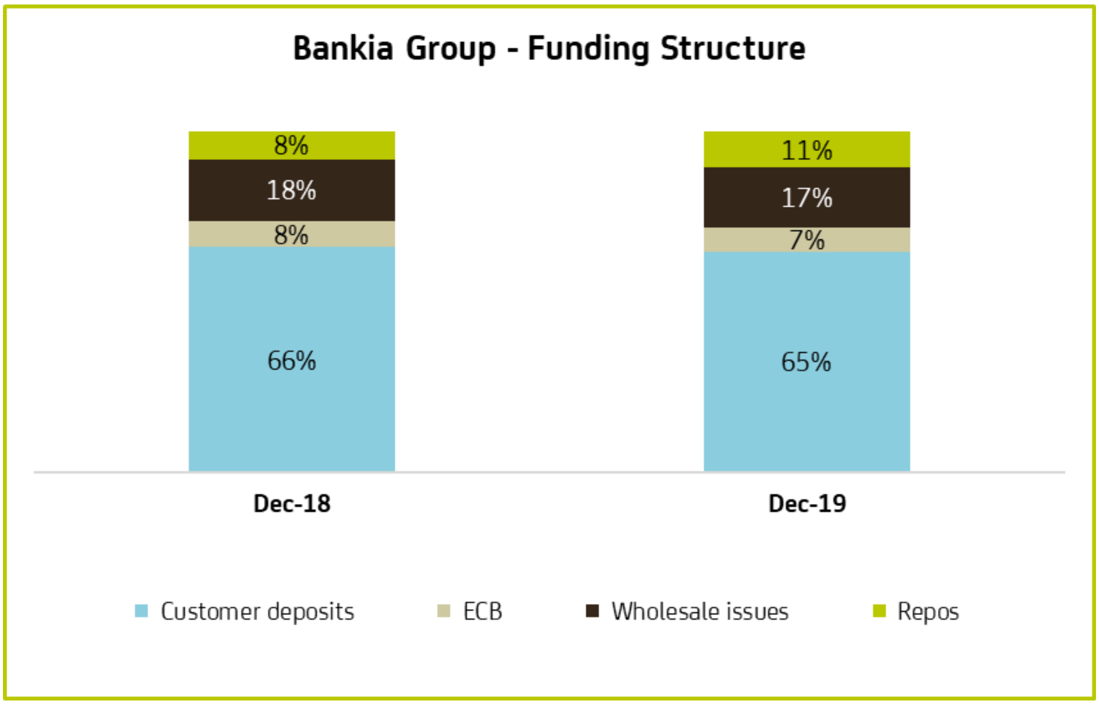
(1) Maturities of Bankia group in nominal values net of treasury shares and retained issuance
(2) Including €4,135mn of new issuances done in 2019

LIQUID ASSETS

(€ million)	Dec-19	Dec-18	Change Amount	Change %
Treasury account and deposit facility (1)	11,418	2,921	8,497	290.9%
Undrawn amount on the facility	6,161	11,339	(5,178)	(45.7%)
Available high liquidity assets (2)	15,538	17,678	(2,140)	(12.1%)
Total	**33,117**	**31,938**	**1,179**	**3.7%**

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

FUNDING STRUCTURE



7. EQUITY

- **The group's equity** totals 13.335 billion euros at the 2019 close, which takes into account the dividends paid against 2018 profit booked in March and the capital reduction in May to redeem treasury shares held with a charge to voluntary reserves.

EQUITY

(€ million)	Dec-19	Sep-19	Jun-19	Mar-19 [1]	Dec-18
Equity at the beginning of the period	**13,191**	**13,037**	**12,859**	**13,030**	**13,120**
+ Result from the period	(34)	176	195	205	(40)
- Capital Reduction			(15)		
+/- Movementes in reserves:	(15)	(21)	(2)	(375)	(50)
- Dividend paid [1]				(354)	
- AT1 coupon	(14)	(13)	(13)	(13)	(14)
+/- Other movements	(2)	(8)	12	(8)	(36)
Equity at the closing of the period	**13,142**	**13,191**	**13,037**	**12,859**	**13,030**
Global other accumulated result	180	186	291	212	147
Minority interests	13	13	13	13	12
Total Equity	**13,335**	**13,391**	**13,341**	**13,084**	**13,189**

(1) At 31 March 2019 the total equity amount discounts the dividend which the General Shareholders Meeting approved to pay against 2018 (€354mn excluding the treasury stocks which don´t receive divedend)

8. SOLVENCY

- **In 2019, the Bankia Group has posted a Fully-Loaded CET1 ratio of 13.02% (**12.85% stripping out the unrealised gains on the fair value portfolio), which is 63 bp higher than a year earlier. The Phase-In CET1 ratio was 14.33% and the Total Capital ratio was 18.10% at 31 December 2019. These levels represent a CET1 ratio surplus of +508 bp and a Total Capital ratio surplus of +535 over and above the SREP minimum capital requirements set by the supervisor for 2019 (CET1 ratio of 9.25% and Total Capital ratio of 12.75%).
- The Phase In leverage ratio has fallen 20 basis points in the year, mainly due to an increased balance sheet exposure due to a higher balance in cash, deposits at central banks and credit institutions.
- The MREL ratio over RWAs was 21.93% in 2019. During the year, the Bankia Group issued debt eligible for MREL purposes of 3.5 billion euros.

	Dec-19 [1]	
(€ million and %)	Phase In	Fully Loaded
Management ratios[2]		
Common equity Tier I - CET1 (%)	14.16%	12.85%
Total capital ratio (%)	17.93%	16.62%
Regulatory capital ratios (incl. FV unrealised gains):		
Common equity Tier I - CET1	14.33%	13.02%
Total capital ratio (%)	18.10%	16.79%
CET1 2019 SREP requirement (incl. additional buffers)	9.25%	9.25%
Total solvency 2019 SREP requirement (incl. additional buffers)	12.75%	12.75%
CET1 surplus over 2019 SREP requirement	**5.08%**	**3.77%**
Total Solvency surplus over 2019 SREP requirement	**5.35%**	**4.04%**

(1) Solvency ratios include the result net of dividend that is expected to be allocated to reserves (pay-out ratio: 50,8% in 2018 and 65,6% in 2019).
(2) Does not include unrealised gains on the fair value sovereign (FV) portfolio

SOLVENCY RATIOS AND LEVERAGE

FULLY LOADED RATIOS

(€ million and %)	Dec -19 (1)	Dec -18 (1)
Eligible capital	13,033	13,318
Common equity Tier I (CET 1)	10,110	10,205
Capital	3,689	3,704
Reserves (as per reserve perimeter)	8,962	8,719
Result attributable net of dividend accrual	186	346
Deductions	(2,818)	(2,575)
Others (treasury stocks, Non-controlling interests and	91	11
Tier I Capital	11,360	11,455
Instruments	1,250	1,250
Tier II Capital	1,672	1,863
Instruments	1,672	1,672
Others	0	191
Risk-weighted assets	77,630	82,381
Common equity Tier I (CET 1) (%)	**13.02%**	**12.39%**
Tier I Capital	14.63%	13.91%
Tier II Capital	2.15%	2.26%
Solvency ratio - Total capital ratio (%)	**16.79%**	**16.17%**
Leverage ratio (Fully Loaded)	**5.43%**	**5.56%**
Leverage ratio total exposure	**209,089**	**205,916**

(1) Solvency ratios include the result net of dividend that is expected to be allocated to reserves (pay-out ratio: 50,8% in 2018 and 65,6% in 2019).

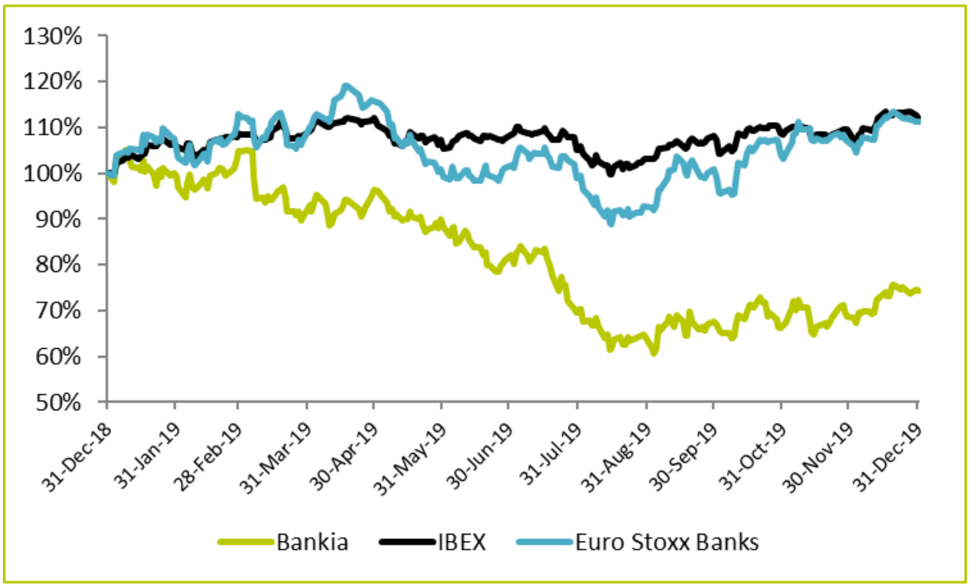
PHASE IN RATIOS

(€ million and %)	Dec -19 (1)	Dec -18 (1)
Eligible capital	14,048	14,480
Common equity Tier I (CET 1)	11,126	11,367
Capital	3,689	3,704
Reserves (as per reserve perimeter)	8,962	8,719
Result attributable net of dividend accrual	186	346
Deductions	(1,803)	(1,413)
Others (treasury stocks, Non-controlling interests and	91	11
Tier I Capital	12,376	12,617
Instruments	1,250	1,250
Others	0	0
Tier II Capital	1,672	1,863
Instruments	1,672	1,672
Others	0	191
Risk-weighted assets	77,630	82,381
Common equity Tier I (CET 1) (%)	**14.33%**	**13.80%**
Tier I Capital	15.94%	15.31%
Tier II Capital	2.15%	2.26%
Solvency ratio - Total capital ratio (%)	**18.10%**	**17.58%**
MREL eligible issuances	2,976	622
MREL ratio on RWAs (%)	**21.93%**	**18.33%**
Leverage ratio (Phase In)	**5.89%**	**6.09%**
Leverage ratio total exposure	**210,104**	**207,078**

(1) Solvency ratios include the result net of dividend that is expected to be allocated to reserves (pay-out ratio: 50,8% in 2018 and 65,6% in 2019).

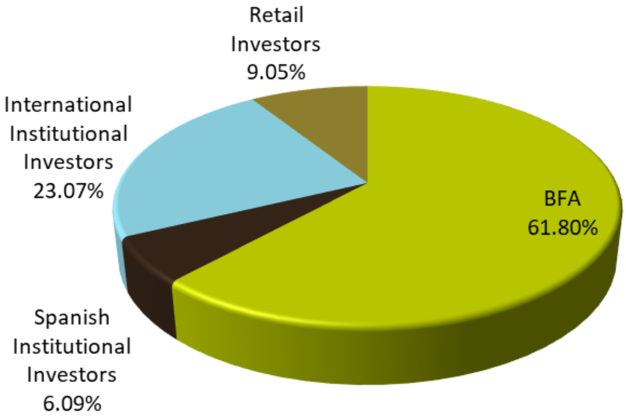
9. SHARE PERFORMANCE

SHARE PRICE



MAJOR SHAREHOLDERS AND STOCK MARKET DATA

BANKIA (stock data)	Dec-2019
Number of shareholders	173,949
Daily average volume (num. shares)	7,701,986
Daily average turnover (euros)	16,043,278
Maximum closing price (€/share)	2.689 (8-Jan)
Minimum closing price (€/share)	1.550 (3-Sep)
Closing price (€/share)	1.903 (31-Dec)



10. RATING

The main changes in Bankia's credit rating during 2019 were as follows:

- On 30 January, **Fitch Ratings (Fitch) upgraded its long-term rating for Bankia from BBB- to BBB and changed its outlook from Positive to Stable.** Subsequently, on 20 December, the agency ratified Bankia's long-term rating and **upgraded the short-term rating from F3 to F2**.
- On 5 February, **Fitch upgraded its rating for Bankia's mortgage covered bonds from A to A+ and changed its outlook from Positive to Stable.** The agency ratified this rating on 18 December.
- On 31 May, **S&P Global Ratings affirmed its long-term BBB with a Stable outlook rating for Bankia.**
- On 4 October, and following the rating upgrade for Spain, **S&P Global Ratings upgraded the rating for mortgage covered bonds from AA- to AA, with a Stable outlook.**
- On 2 July, **the agency DBRS ratified Bankia's BBB (high) rating, upgrading the outlook from Stable to Positive.**

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	Stable	Positive	Stable
Date	31-May-19	20-Dec-19	02-Jul-19	09-May-19
Mortgage Covered Bonds Rating	**S&P Global Ratings**	**Fitch Ratings**	**DBRS**	**Scope**
Rating	AA	A+	AAA	AAA
Outlook	Stable	Stable	---	Stable
Date	04-Oct-19	18-Dec-19	20-Sep-19	12-Jul-19

11. SIGNIFICANT EVENTS DURING THE YEAR

Reorganisation of the insurance arm

In December 2018, Bankia brokered a deal with the Mapfre Group and the Caser Group to rearrange their bancassurance partnerships. In the life business, this led to the sale of 51% of the share capital of Caja Granada Vida and Caja Murcia Vida y Pensiones to Mapfre Vida, without prejudice to continuing the exclusivity agreement with the Caser Group in the Balearic Islands for the life and pensions business lines. Furthermore, in the non-life business line, Bankia agreed with the Caser Group to end their partnership for certain general insurance lines, while broadening the scope of Bankia's existing partnership with the Mapfre Group for general insurance to include the branch network from BMN.

After obtaining approval from the competent authority and a green light from the Directorate General for Insurance and Pension Funds, Bankia's aforementioned equity stakes in Caja Granada Vida and Caja Murcia Vida y Pensiones were sold on 29 March 2019. The deal totalled 110.3 million euros.

The formalisation of this sale brought to an end the reorganisation of the bancassurance arm which Bankia embarked upon after the merger with Banco Mare Nostrum (BMN).

Shareholder remuneration

On 11 April 2019, executing the agreements reached by shareholders at the General Meeting on 22 March 2019, Bankia distributed dividends out of 2018 profits for a gross amount of 354 million euros (0.11576 per share). This was a 4.7% increase on the dividends paid in the previous year (338 million euros).

Capital decrease

On 25 April 2019, Bankia's Board of Directors agreed to reduce capital by 15.4 million euros, which was subsequently approved by the General Meeting of Shareholders on 22 March 2019 and is pending authorisation from the pertinent administrative authorities.

On 5 March 2019, European Central Bank authorisation was received to reduce capital by a cash value of 50 million euros through the redemption of 15,440,845 shares equating to 0.50% of Bankia's share capital.

As a result, Bankia's Board of Directors exercised the powers conferred on it by shareholders at the 22 March 2019 General Meeting and resolved to reduce Bankia's share capital by the authorised sum of 15,440,845 euros, redeeming 15,440,845 treasury shares. Following the reduction, Bankia's share capital amounted to 3,069,522,105 euros, represented by 3,069,522,105 shares with a nominal value of one euro each.

The capital decrease did not entail the return of capital because Bankia was the holder of the redeemed shares, and it was executed with a charge to voluntary reserves. An amount was also set aside in a non-distributable reserve equal to the nominal value of the redeemed treasury shares.

The deed recording the capital decrease was entered in the Valencia Companies Register on 10 May 2019.

Completion of the sale of the portfolio of distressed assets to the institutional investor, Lone Star XI

In December 2018, Bankia agreed with two subsidiaries controlled by the fund Lone Star XI to establish a company to administrate, develop and sell a portfolio of foreclosed assets and transfer a portfolio of doubtful mortgage loans totalling approximately 3.07 billion euros (gross book amount). Once the conditions precedent to the transaction had been fulfilled, Bankia, S.A. completed the transfer of the portfolio to these subsidiaries on 26 July 2019.

The final gross book amount of the portfolio of foreclosed properties transferred was approximately 1.42 billion euros, while that of the portfolio of doubtful mortgage loans totalled approximately 1.283 billion euros. This final perimeter of the deal was smaller than initially announced because of the organic recovery and normal management of assets between the agreement date and the closing date.

The perimeter of the portfolios ultimately transferred hardly affected the final impact of the transaction on Bankia, S.A. In addition to the recognition of provisions in 2018, this resulted in a reduction in RWAs due to the asset sell-off, with a positive impact on the Fully-Loaded CET1 ratio of approximately 8 bp.

Bankia launched SoYou: a consumer finance joint venture with Crédit Agricole Consumer Finance.

In May 2018, Crédit Agricole Consumer Finance (CA CF) and Bankia signed an agreement to establish a joint venture specialising in point-of-sale finance. Crédit Agricole Consumer Finance is one of Europe's leading consumer finance businesses operating in over 19 countries. In 2019, the joint venture was authorised to operate as a specialised lending institution (Establecimiento Financiero de Crédito (EFC)) in Spain.

SoYou (49% owned by Bankia and 51% owned by CA CF) is fruit of a strategic partnership. The aim is for it to become a leader in the growing consumer finance market in Spain. The specialised lending institution has been developing a completely new proprietary IT platform over the last year which is intended to be one of the most complete, flexible and agile of its kind in the sector. It will offer 100% digital solutions to retailers for end customers to contract its products and services.

Its approval as a specialised lending institution has been the most important milestone in starting up SoYou's commercial operations, which will take place as from January 2020. The main business areas which SoYou will begin operating in concern point-of-sale finance for new and second-hand vehicles and other goods and services. Later, it will also start offering personal loans to end customers.

Championing sustainable finance

As part of its pledge to sustainability and curbing climate change, Bankia along with another 130 banks around the world signed the United Nations Principles for Responsible Banking on 22 September 2019. By agreeing to adhere to these principles, the signatories undertake to align their businesses with the commitments made in the Paris Agreement on Climate Change and the Sustainable Development Goals (SDGs), highlighting the need for responsible commercial models geared towards promoting sustainable development and contributing to improving the environment and tackling climate change. Along the same lines, in 2019 the institution signed the Collective Commitment to Climate Change, which involves designing products and services that facilitate the transition to a low-carbon economy.

Bankia, which has been working towards honouring these pledges through its Sustainability team (under the auspices of the Responsible Management Department), has redoubled its commitment to the environment and sustainable finance by creating the Sustainable Finance and Business Department The goals of the newly established business unit include encouraging funds to be released as per environmental, social and governance (ESG) criteria, and championing the funding of investments under these same criteria, developing new proposals for products and services that are attractive to its customers. As part of this, Bankia has signed an agreement with the European Investment Bank (EIB) to finance energy efficient, low emission homes.

Sale of Caser stake

Subsequent to the year end, on 23 January 2020 Bankia, S.A. has signed a contract of sale with Helvetia Schweizerische Versicherungsgesellschaft AG for its shareholding in the company Caja de Seguros Reunidos, Compania de Seguros y Reaseguros, S.A. ("Caser"), which represents approximately 15% of the share capital of this company. The effectiveness of the aforementioned sale is subject to the fulfilment of certain suspensive conditions, such as obtaining the appropriate regularoty and competition authorisations.

The price of the sale of Bankia's stake in Caser is estimated to be around 166 million euros, without considiering the effect of Caser's treasury stock, and will have an estimated positive impact on the capital of the Bankia group (Full Solvency) of 12 basis points.

12. APPENDIX

COMPOSITION OF FIXED-INCOME PORTFOLIOS

(€ million and %)	Dec-19 (1)	Dec-18 (1)	Change on Dec-18 Amount	%
ALCO Portfolio	23,441	26,804	(3,363)	(12.5%)
NON ALCO Portfolio	647	762	(115)	(15.1%)
SAREB Bonds	18,639	19,155	(516)	(2.7%)
Total Fixed Income Portfolio	**42,727**	**46,721**	**(3,994)**	**(8.5%)**

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

PRO FORMA INCOME STATEMENT INCLUDING IMPACT OF IFRS 16 IN 2018

(€ million)	2019	2018 (1)	Change Amount	%
Net interest income (1)	**2,023**	**2,038**	**(15)**	**(0.7%)**
Dividends	17	11	7	61.5%
Share of profit/(loss) of companies accounted for using the equity method	60	56	4	6.6%
Total net fees and commissions	1,081	1,065	16	1.5%
Gains/(losses) on financial assets and liabilities	298	411	(113)	(27.4%)
Exchange differences	15	15	1	4.2%
Other operating income/(expense)	(249)	(239)	(11)	4.5%
Gross income	**3,245**	**3,357**	**(112)**	**(3.3%)**
Administrative expenses	(1,616)	(1,628)	13	(0.8%)
Staff costs	(1,119)	(1,161)	41	(3.6%)
General expenses (1)	(496)	(467)	(29)	6.2%
Depreciation and amortisation (1)	(201)	(235)	34	(14.5%)
Pre-provision profit	**1,428**	**1,494**	**(66)**	**(4.4%)**
Provisions	(477)	(436)	(41)	9.4%
Provisions (net)	(15)	(10)	(5)	45.9%
Impairment losses on financial assets (net)	(463)	(427)	(36)	8.5%
Operating profit/(loss)	**951**	**1,057**	**(106)**	**(10.0%)**
Impairment losses on non-financial assets	(19)	10	(29)	-
Other gains and other losses	(176)	(151)	(25)	16.5%
Profit/(loss) before tax	**756**	**916**	**(160)**	**(17.5%)**
Corporate income tax	(213)	(222)	8	(3.8%)
Profit/(loss) after tax from continuing operations	**542**	**694**	**(152)**	**(21.9%)**
Net profit from discontinued operations (2)	0	6	(6)	(100.0%)
Profit/(loss) in the period	**542**	**700**	**(158)**	**(22.6%)**
Profit/(Loss) attributable to minority interests	1	0	0.6	196.2%
Profit/(loss) attributable to the Group	**541**	**700**	**(159)**	**(22.7%)**
Cost to Income ratio (3)	**56.0%**	**55.5%**	**+0.5 p.p.**	**0.5%**
Recurring Cost to Income ratio (4)	**62.0%**	**63.6%**	**(1.6) p.p.**	**(1.6%)**
PRO-MEMORY				
"Core" Result (5)	**1,287**	**1,240**	**47**	**3.8%**
Pre-provision profit ex trading income (6)	**1,130**	**1,083**	**47**	**4.4%**

(1) 2018 includes the estimated impact of applying IFRS 16 ("Financial Leasings") in order to make it comparable with 2019
(2) 2018 includes 100% of the profit generated by Caja Murcia Vida y Caja Granada Vida following the adquisition of the full stake of both companies on 10th July 2018. Since 1Q 2019 the results are accounted for the equity method after the sale of 51% in both companies to Mapfre Vida.
(3) Operating expenses / Gross income.
(4) Operating expenses / Gross income (excluding gains/losses on financial assets and liabilities and exchange differences).
(5) Net interest income + total net fees and commissions - administrative expenses - depreciation and amortization
(6) Pre-provision profit - Gains/(losses) on financial assets and liabilities

(€ million)	4Q 19	3Q 19	2Q 19	1Q 19	4Q 18 (1)	3Q 18 (1)	2Q 18 (1)	1Q 18 (1)
Net interest income (1)	**503**	**502**	**516**	**502**	**504**	**492**	**518**	**524**
Dividends	3	1	14	1	3	0	7	1
Share of profit/(loss) of companies accounted for using the equity method	18	13	15	14	13	14	18	12
Total net fees and commissions	284	263	273	260	266	265	270	264
Gains/(losses) on financial assets and liabilities	62	97	102	37	30	90	152	139
Exchange differences	3	5	4	3	4	5	5	1
Other operating income/(expense)	(174)	(5)	(66)	(4)	(160)	(5)	(70)	(3)
Gross income	**699**	**875**	**858**	**813**	**659**	**862**	**900**	**936**
Administrative expenses	(394)	(409)	(407)	(407)	(408)	(398)	(402)	(420)
Staff costs	(267)	(282)	(286)	(285)	(278)	(287)	(291)	(305)
General expenses (1)	(127)	(127)	(121)	(122)	(130)	(111)	(111)	(115)
Depreciation and amortisation (1)	(53)	(49)	(49)	(50)	(59)	(58)	(55)	(63)
Pre-provision profit	**252**	**417**	**402**	**357**	**193**	**406**	**443**	**452**
Provisions	(173)	(119)	(121)	(65)	(192)	(73)	(68)	(103)
Provisions (net)	17	14	(35)	(10)	(46)	(0)	24	13
Impairment losses on financial assets (net)	(189)	(132)	(86)	(55)	(146)	(73)	(91)	(116)
Operating profit/(loss)	**80**	**299**	**281**	**292**	**0.4**	**333**	**375**	**349**
Impairment losses on non-financial assets	(5)	(5)	(6)	(4)	(19)	(3)	36	(4)
Other gains and other losses	(110)	(42)	(4)	(19)	(31)	(43)	(28)	(49)
Profit/(loss) before tax	**(36)**	**252**	**271**	**269**	**(50)**	**287**	**383**	**296**
Corporate income tax	2	(76)	(76)	(64)	7	(63)	(99)	(67)
Profit/(loss) after tax from continuing operations	**(34)**	**176**	**196**	**205**	**(43)**	**224**	**284**	**229**
Net profit from discontinued operations (2)	-	-	-	-	1	5	-	-
Profit/(loss) in the period	**(34)**	**176**	**196**	**205**	**(41)**	**228**	**284**	**229**
Profit/(Loss) attributable to minority interests	0.1	0.0	0.8	(0.0)	(0.0)	0.1	(0.1)	0.3
Profit/(loss) attributable to the Group	**(34)**	**176**	**195**	**205**	**(41)**	**228**	**284**	**229**
Cost to Income ratio (3)	**63.9%**	**52.3%**	**53.2%**	**56.1%**	**70.8%**	**52.9%**	**50.8%**	**51.7%**
Recurring Cost to Income ratio (4)	**70.4%**	**59.2%**	**60.7%**	**59.0%**	**74.7%**	**59.4%**	**61.6%**	**60.7%**
PRO-MEMORY								
"Core" Result (5)	**341**	**307**	**333**	**306**	**304**	**301**	**331**	**304**
Pre-provision profit ex trading income (6)	**191**	**320**	**299**	**320**	**163**	**316**	**290**	**314**

(1) Every quarter of 2018 includes the estimated impact of applying IFRS 16 ("Financial Leasings") in order to make it comparable with the 2019 quarters
(1) 4Q18 and 3Q18 include 100% of the profit generated by Caja Murcia Vida y Caja Granada Vida following the adquisition of the full stake of both companies on 10th July 2018. Since 1Q 2019 the results are accounted for the equity method after the sale of 51% in both companies to Mapfre Vida.
(3) Operating expenses / Gross income.
(4) Operating expenses / Gross income (excluding gains/losses on financial assets and liabilities and exchange differences).
(5) Net interest income + total net fees and commissions - administrative expenses - depreciation and amortization
(6) Pre-provision profit - Gains/(losses) on financial assets and liabilities

INFORMATION ABOUT 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 used 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 definition and a reconciliation with the balance sheet and income statement line items used in their calculation.

ALTERNATIVE PERFORMANCE MEASURES

PERFORMANCE MEASURE	DEFINITION	MANNER OF CALCULATION AND ACCOUNTING DATA USED
Total customer funds on- and off-balance-sheet	Sum of customer deposits, senior and subordinated wholesale issues and resources managed and marketed off-balance-sheet	Balance sheet items: - Customer deposits - Marketable debt securities Third-party resources managed and marketed by the group: - Mutual funds - Pension funds
Total NPL ratio (%)	Ratio of doubtful loans to total loans and advances to customers and contingent liabilities	Gross book amount (before provisions) of doubtful loans and advances to customers and contingent liabilities (NPEs) as a percentage of total gross loans and advances to customers and contingent liabilities.
NPL coverage ratio (%)	Measures the degree to which the impairment of doubtful loans is covered, for accounting purposes, by loan loss provisions	Book amount of allowances for impairment of loans and advances to customers and contingent liabilities as a percentage of the gross book amount of doubtful loans and advances to customers and contingent liabilities (NPEs).
Gross NPA ratio (%)	Ratio of the sum of the group's gross doubtful assets and gross foreclosed assets to total loans and advances to customers, contingent liabilities and foreclosed assets	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).
Net NPA ratio (%)	Ratio of the sum of the group's doubtful assets and gross foreclosed assets net of provisions to total loans and advances to customers, contingent liabilities and foreclosed assets	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).
NPA coverage ratio (%)	Measures the extent to which impairment losses on doubtful assets and foreclosed assets are covered by provisions	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 doubtful loans and advances to customers, contingent liabilities (NPEs) and foreclosed assets.
LTD ratio (%)	Relationship between loans granted to customers and deposits taken from customers	Loans and advances to customers divided by customer deposits plus funds raised through second-floor loans received from the EIB and ICO. - The book amount of loans and advances to customers excludes reverse repurchase agreements. - Customer deposits exclude repurchase agreements.
Net trading income	Sum of the gains or losses obtained from management of portfolios of financial assets and liabilities and accounting hedges	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.
Pre-provision profit	Gross income less administrative expenses and depreciation and amortisation expenses	Sum of the following items on the income statement: - Gross income - Administrative expenses - Depreciation and amortisation

PERFORMANCE MEASURE	DEFINITION	MANNER OF CALCULATION AND ACCOUNTING DATA USED
Customer margin (%)	Difference between the average interest rate charged on loans and advances to customers and the average interest rate paid on customer deposits	Average interest rate on loans and advances to customers: - Interest income on 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. Average interest rate paid on customer deposits: - Interest expenses on customer deposits recognised in the period divided by the average month-end balance of customer deposits in the period. Interest income and interest expenses are annualised at the March, June and September accounting closes.
Interest margin (net interest income) (%)	Difference between the average return on assets and the average cost of liabilities and equity	Average return on assets: - Interest income in the period divided by average month-end balances of recognised assets. Average cost of liabilities and equity: - Interest expenses in the period divided by average month-end balances of total equity and liabilities in the period. Interest income and interest expenses are annualised at the March, June and September accounting closes.
ROA (%)	Measures the return on the Group's assets	After-tax profit or loss for the year divided by the average month-end balance of recognised assets in the period. After-tax profit/(loss) for the year is annualised at the March, June and September accounting closes.
RORWA (%)	Measures the return on average risk-weighted assets	After-tax profit/(loss) for the year divided by regulatory risk-weighted assets at the end of the period. After-tax profit/(loss) for the year is annualised at the March, June and September accounting closes.
ROE (%)	Measures the return on equity	Profit/(loss) for the year attributable to equity holders of the group divided by average value of equity of the 12 months preceding the period-end adjusted for expected dividends. Profit/(loss) for the year attributable to equity holders of the group is annualised at the March, June and September accounting closes.
ROTE (%)	Measures the return on equity excluding intangible assets	Profit/(loss) for the year attributable to equity holders of the group divided by average value of equity of the 12 months preceding the period-end adjusted for expected dividends Profit/(loss) for the year attributable to equity holders of the Group is annualised at the March, June and September accounting closes
Efficiency ratio (%)	Measures operating expenses as a percentage of gross income	Administrative expenses + depreciation and amortisation expense divided by gross income for the period.
Cost of risk (%)	Measures the relationship between non-performing loan provisions and the total balance of customer credit risk and contingent risks	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 loans and advances to customers, gross (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. The total amount of the impairment losses on financial assets and provisions for contingent liabilities is annualised at the March, June and September accounting closes.
Market capitalisation	Economic metric indicating the total value of a business as per the market price of its shares	Sum of share price multiplied by the number of shares outstanding at period-end
Earnings per share	Measures the part of profit attributable to each of the bank's shares	Profit/(loss) attributable to equity holders of the group divided by the number of shares outstanding at period-end Profit/(loss) for the year attributable to equity holders of the Group is annualised at the March, June and September accounting closes
Tangible book value per share	The book value of the company per each share issued, minus intangible assets	The group's equity, after deducting intangible assets, divided by the number of shares outstanding at period-end.
P/E ratio	Measures the price per share as a multiple of the earnings per share.	Share price at period-end divided by earnings per share in the period.
Price to tangible book value ratio	Ratio comparing the bank's share price as a proportion of its tangible book value	Share price at period-end divided by tangible book value per share in the period

ACCOUNTING FIGURES USED TO CALCULATE ALTERNATIVE PERFORMANCE MEASURES

ACCOUNTING FIGURES (except where stated otherwise, the figures are in millions of euros and %)	Dec-19	Dec-18
Sum of customer funds managed on and off the balance sheet	**174,267**	**171,793**
- Customer deposits	124,785	126,319
- Marketable debt securities	18,680	18,360
- Mutual funds	22,329	19,114
- Pension funds	8,474	7,999
Total NPL ratio (%)	**5.0%**	**6.5%**
- Doubtful risks of loans and advances to customers and contingent risks	6,465	8,416
- Total risks of loans and advances to customers and contingent risks	128,156	129,792
NPL coverage ratio (%)	**54.0%**	**54.6%**
- Allowances for impairment of loans and advances to customers and contingent liabilities	3,491	4,593
- Non-performing loans and advances to customers and contingent liabilities (NPEs)	6,465	8,416
Gross NPA ratio (%)	**6.4%**	**8.2%**
- Non-performing loans and advances to customers and contingent liabilities (NPEs)	6,465	8,416
- Gross foreclosed assets(1)	1,884	2,462
- Total loans and advances to customers and contingent liabilities	130,041	132,254
Net NPA ratio (%)	**3.3%**	**4.3%**
- Non-performing loans and advances to customers and contingent liabilities (NPEs)	6,465	8,416
- Gross foreclosed assets(1)	1,884	2,462
- Loan loss provisions	3,491	4,593
- Impairment of foreclosed assets	577	649
- NPEs and foreclosed assets net of provisions and impairment losses	4,282	5,636
- Total loans and advances to customers and contingent liabilities	130,041	132,254
NPA coverage ratio (%)	**48.7%**	**48.2%**
- Non-performing loans and advances to customers and contingent liabilities (NPEs).	6,465	8,416
- Gross foreclosed assets(1)	1,884	2,462
- Loan loss provisions	3,491	4,593
- Impairment of foreclosed assets	577	649
LTD ratio (%)	**91.8%**	**91.2%**
- Loans and advances to customers	117,444	118,295
- Reverse repo transactions	15	14
- Customer deposits	124,785	126,319
- Repo transactions	36	36
- Funds raised through second-floor loans from the EIB and ICO	3,153	3,424
Market capitalisation	**5,840**	**7,898**
- Shares outstanding at period-end (million)	3,070	3,085
- Share price at period-end (euros)	1.90	2.56
Earnings per share (euros)	**0.18**	**0.23**
- Profit/(loss) attributable to equity holders of the Group in the period	541	703
- Number of shares outstanding at period-end (millions)	3,070	3,085
Tangible book value per share (euros)	**4.21**	**4.18**
- Total equity	13,335	13,189
- Intangible assets	401	298
- Total equity less intangible assets	12,934	12,892
- Number of shares outstanding at period-end (millions)	3,070	3,085

(1) In 2019, the data are calculated taking into account the outflow of foreclosed assets through the portfolio sale agreements signed in 2019 and pending formalisation.

ACCOUNTING FIGURES (except where stated otherwise, the figures are in millions of euros and %)	Dec-19	Dec-18
P/E ratio	**10.79x**	**11.23x**
- Share price at period-end (euros)	1.90	2.56
- Earnings per share in the period (euros)	0.18	0.23
Price to tangible book value ratio	**0.45x**	**0.61x**
- Share price at period-end (euros)	1.90	2.56
- Tangible book value per share (euros)	4.21	4.18

ACCOUNTING FIGURES USED TO CALCULATE ALTERNATIVE PERFORMANCE MEASURES

ACCOUNTING FIGURES (except where stated otherwise, the figures are in millions of euros and %)	Dec-19	Dec-18
Gains or losses on financial assets and liabilities	**298**	**411**
- Gains or losses on financial assets and liabilities not measured at fair value through profit or loss, net	289	400
- Gains or losses on financial assets and liabilities held for trading, net.	20	40
- Gains or losses on financial assets not held for trading that are mandatorily measured at fair value through profit or loss, net.	1	-
- Gains or losses on financial assets and liabilities designated at fair value through profit or loss, net.	-	-
- Gains or losses from hedge accounting, net.	(12)	(29)
Pre-provision profit	**1,428**	**1,498**
- Gross income	3,245	3,368
- Administrative expenses	(1,616)	(1,696)
- Depreciation and amortisation	(201)	(174)
ROA (%)	**0.3%**	**0.3%**
- Profit after tax for the period	542	703
- Average month-end balances of recognised assets in the period	208,852	206,524
RORWA (%)	**0.7%**	**0.9%**
- Profit after tax for the period	542	703
- Regulatory risk-weighted assets at period-end	77,630	82,381
ROE (%)	**4.2%**	**5.6%**
- Profit or loss for the period attributable to the Group	541	703
- Average month-end balance of equity for the 12 months preceding the end of the period, adjusted for the expected dividend	12,807	12,648
ROTE (%)	**4.3%**	**5.7%**
- Profit or loss for the period attributable to the Group	541	703
- Average value of tangible equity of the 12 months preceding the period end adjusted for expected dividends	12,454	12,375
Efficiency ratio (%)	**56.0%**	**55.5%**
- Administrative expenses	1,616	1,696
- Depreciation and amortisation	201	174
- Gross income	3,245	3,368
Cost of risk (%) a/(b+c)	**0.26%**	**0.18%** (1)
- Impairment losses on financial assets	(463)	(427)
- Extraordinary impairment losses on financial assets	-	65 (1)
- External cost of recoveries	55	71
- Impairment of fixed-income instruments	2	-
- Provisions/release of provisions for contingent risks	72	51
- **Total impairment for calculation of cost of risk (a)**	**(334)**	**(240)**
- Average value of loans and advances to customers, gross in the period (b)	120,719	124,453
- Average value of contingent risks in the period (c)	8,547	8,503

(1) In December 2018, the cost of risk is calculated stripping out the extraordinary allowances associated with the sale of distressed assets to the institutional investor, Lone Star XI.

ACCOUNTING FIGURES (except where stated otherwise, the figures are in millions of euros and %)	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Customer margin (%)	**1.64%**	**1.63%**	**1.65%**	**1.60%**
Average interest rate on loans and advances to customers (%):	1.72%	1.72%	1.75%	1.70%
- Interest income from loans and advances to customers for the period	513	516	517	496
- Interest income from loans and advances to customers for the period (annualised)	2,037	2,046	2,075	2,011
- Average month-end balances of loans and advances to customers	118,553	118,670	118,299	117,970
Average interest rate paid on customer deposits (%):	0.08%	0.09%	0.10%	0.10%
- Interest expenses on customer deposits in the period	27	31	31	33
- Annualised interest expenses on customer deposits	106	123	125	132
- Average month-end balances of customer deposits	127,064	129,014	128,328	126,550

ACCOUNTING FIGURES (except where stated otherwise, the figures are in millions of euros and %)	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Customer margin (%)	**1.58%**	**1.51%**	**1.55%**	**1.57%**
Average interest rate on loans and advances to customers (%):	1.69%	1.62%	1.68%	1.71%
- Interest income from loans and advances to customers for the period	510	490	506	512
- Interest income from loans and advances to customers for the period (annualised)	2,022	1,946	2,029	2,076
- Average month-end balances of loans and advances to customers	119,507	120,124	120,426	121,071
Average interest rate paid on customer deposits (%):	0.11%	0.11%	0.13%	0.14%
- Interest expenses on customer deposits in the period	35	36	40	43
- Annualised interest expenses on customer deposits	137	141	160	173
- Average month-end balances of customer deposits	125,402	124,834	126,642	126,613

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

Solvency and leverage (%)	**Bankia (1) 31-Dec-2019**
Common equity Tier I (CET1) (Group) BIS III Phase In (incl. FV unrealised gains) (2)	14.33%
Common equity Tier I (CET1) (Group) BIS III Fully Loaded (incl. FV unrealised gains) (2)	13.02%
Common equity Tier I (CET1) (Individual) BIS III Phase In (incl. FV unrealised gains) (2)	13.77%
Common equity Tier I (CET1) (Individual) BIS III Fully Loaded (incl. FV unrealised gains) (2)	12.49%
Total capital ratio (Group) BIS III Phase In (incl. FV unrealised gains) (2)	18.10%
Total capital ratio (Group) BIS III Fully Loaded (incl. FV unrealised gains) (2)	16.79%
Solvency *(€mn)*	
Available distributable items (Individual) (3)	8,713

(1) Solvency ratios include the result that is expected to be allocated to reserves
(2) Unrealised gains and losses of the Fair Value portfolio
(3) Excluding the regulatory expected dividend and the accrual AT1 cupon payment

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